



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

股份代號 Stock Code: 604



中期報告
2014
Interim Report



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. LU Hua, *Chairman*
Mr. GAO Shengyuan, *President*
Mr. MOU Yong
Mr. LIU Chong

NON-EXECUTIVE DIRECTORS

Dr. WU Jiesi
Mr. HUANG Yige

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WU Wai Chung, Michael
Mr. LI Wai Keung
Dr. WONG Yau Kar, David

COMPANY SECRETARY

Mr. LEE Ka Sze, Carmelo

AUDITORS

Ernst & Young
Certified Public Accountants
Hong Kong

LEGAL ADVISER

Woo, Kwan, Lee & Lo,
Solicitors & Notaries

PRINCIPAL BANKERS

Bank of China (Hong Kong) Ltd.
The Bank of East Asia, Ltd.
The Hongkong & Shanghai Banking
Corporation Ltd.
Hang Seng Bank Ltd.
Nanyang Commercial Bank Ltd.
Industrial and Commercial Bank of
China (Asia) Ltd.

REGISTERED OFFICE

8th Floor, New East Ocean Centre,
9 Science Museum Road, Tsim Sha Tsui,
Kowloon, Hong Kong

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITE

www.shenzheninvestment.com



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

The board of directors (the “Board”) of Shenzhen Investment Limited (the “Company”) presents the interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 together with the comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee and the auditors, Ernst & Young.

				For the six months ended 30 June	
				2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
				Notes	
CONTINUING OPERATIONS					
REVENUE	4		4,257,627	4,897,863	
Cost of sales			(3,225,826)	(2,955,764)	
Gross profit			1,031,801	1,942,099	
Other income and gains	4		594,938	883,382	
Increase in fair value of investment properties			720,395	542,044	
Fair value losses on equity investments at fair value through profit or loss, net			(2,523)	(1,365)	
Selling and distribution costs			(130,332)	(118,737)	
Administrative expenses			(306,025)	(302,699)	
Other expenses			(105,173)	(22,561)	
Finance costs	5		(373,784)	(337,511)	
Share of profits and losses of:					
Joint ventures			28,307	190,595	
Associates			201,350	156,463	



For the six months ended
30 June

	Notes	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Profit before tax from continuing operations	6	1,658,954	2,931,710
Income tax expense	7	(618,951)	(972,735)
Profit for the period from continuing operations		1,040,003	1,958,975
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	8	1,947	16,395
PROFIT FOR THE PERIOD		1,041,950	1,975,370
ATTRIBUTABLE TO:			
Owners of the parent		955,338	1,750,235
Non-controlling interests		86,612	225,135
		1,041,950	1,975,370
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
Basic			
– For profit for the period		HK17.75 cents	HK44.14 cents
– For profit from continuing operations		HK17.71 cents	HK43.92 cents
Diluted			
– For profit for the period		HK17.74 cents	HK43.93 cents
– For profit from continuing operations		HK17.70 cents	HK43.70 cents



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	1,041,950	1,975,370
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	230	(5,057)
Income tax effect	(57)	1,264
	173	(3,793)
Exchange differences on translation of foreign operations	(503,375)	366,854
Exchange fluctuation reserve released upon disposal of a subsidiary and deemed disposal of equity interest in an associate	(131,230)	–
Share of other comprehensive income of associates	(3,359)	45,534
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(637,791)	408,595
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of property, plant and equipment	101,211	–
Income tax effect	(25,303)	–
	75,908	–
Share of other comprehensive income of associates	1,760	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	77,668	–



For the six months ended
30 June

	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(560,123)	408,595
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	481,827	2,383,965
Attributable to:		
Owners of the parent	434,820	2,125,347
Non-controlling interests	47,007	258,618
	481,827	2,383,965



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,728,923	2,697,625
Prepaid land lease payments		43,707	45,463
Goodwill		322,766	322,856
Investment properties	12	15,853,015	15,299,549
Investments in associates	14	5,912,346	5,929,954
Investments in joint ventures	15	1,490,405	343,719
Available-for-sale investments		39,313	39,790
Other long term assets	16	1,404,921	1,584,056
Deferred tax assets		900,168	892,725
Pledged deposits	18	–	17,277
Total non-current assets		28,695,564	27,173,014
CURRENT ASSETS			
Inventories		144,955	125,974
Completed properties held for sale		8,289,704	8,434,699
Properties under development	13	28,696,660	28,356,871
Trade receivables	17	336,577	416,122
Prepayments, deposits and other receivables		4,154,818	4,117,358
Equity investments at fair value through profit or loss		8,488	11,011
Pledged deposits	18	360,499	13,594
Restricted cash	18	1,910,644	913,383
Cash and cash equivalents	18	6,474,753	6,534,049
		50,377,098	48,923,061
Assets of a disposal group classified as held for sale		–	795,450
Total current assets		50,377,098	49,718,511



		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	Notes		
CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	19	12,044,154	12,121,869
Trade payables	20	1,002,977	1,028,975
Other payables and accruals		11,090,550	10,134,523
Due to the immediate holding company	27(d)(ii)	32,322	31,446
Due to the ultimate holding company	27(d)(i)	2,891,868	3,898,268
Tax payable		2,848,597	3,177,118
		29,910,468	30,392,199
Liabilities directly associated with the assets classified as held for sale		–	424,363
Total current liabilities		29,910,468	30,816,562
NET CURRENT ASSETS		20,466,630	18,901,949
TOTAL ASSETS LESS CURRENT LIABILITIES		49,162,194	46,074,963
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	19	14,721,713	12,167,504
Due to the ultimate holding company	27(d)(i)	1,823,832	1,221,024
Deferred tax liabilities		5,297,709	5,107,089
Total non-current liabilities		21,843,254	18,495,617
Net assets		27,318,940	27,579,346
EQUITY			
Equity attributable to owners of the parent			
Issued capital	22	11,239,800	269,053
Reserves	23	13,932,591	24,423,031
Proposed final dividend		–	645,727
		25,172,391	25,337,811
Non-controlling interests		2,146,549	2,241,535
Total equity		27,318,940	27,579,346



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Attributable to equity holders of the parent

	Issued capital	Share premium account	Other reserve	Capital redemption reserve	Share option reserve	Capital reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve		Statutory reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity	Non-controlling interests	Total equity
								HK\$'000	HK\$'000							
At 1 January 2013	186,451	5,714,001	(311,388)	2,036	52,999	59,019	64,361	3,662	1,447,903	3,408,383	410,192	17,547,896	1,961,947	19,509,843		19,509,843
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,750,235	-	1,750,235	225,135	1,975,370
Other comprehensive income	-	-	-	-	-	-	297	(3,793)	-	378,608	-	-	-	375,112	33,483	408,595
Total comprehensive income	-	-	-	-	-	-	297	(3,793)	-	378,608	-	1,750,235	-	2,125,347	258,618	2,383,965
Issue of shares relating to acquisition of a subsidiary	70,506	4,568,780	-	-	-	-	-	-	-	-	-	-	-	4,639,286	-	4,639,286
Final 2012 dividend declared	-	-	-	-	-	-	-	-	-	-	(410,192)	(565,736)	-	(565,736)	-	(565,736)
Equity-settled share option expense	-	-	-	-	929	-	-	-	-	-	-	929	-	929	-	929
Exercise of share options	195	11,744	-	-	(2,591)	-	-	-	-	-	-	-	-	9,348	-	9,348
Lapsed and cancelled share options	-	-	-	-	(9,807)	-	-	-	-	-	-	9,807	-	-	-	-
Share of reserves of associates	-	-	-	-	2,850	-	-	-	-	-	-	-	-	11,260	-	11,260
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,921)	(8,921)
Transfer from retained profits	-	-	-	-	-	-	-	2,024	-	-	-	-	-	-	-	-
At 30 June 2013 (unaudited)	257,152	10,294,525	(302,978)	2,036	44,380	59,019	64,658	(131)	1,449,927	3,786,991	8,112,751	-	23,768,330	221,164	25,979,974	

Attributable to equity holders of the parent

	Available for sale													Non-controlling interests	Total equity
	Share premium account	Other reserve	Capital redemption reserve	Share option reserve	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	269,053	10,964,217	(311,388)	2,036	45,196	59,019	64,656	(1,165)	1,576,740	4,066,470	7,957,250	645,727	25,337,811	2,241,535	27,579,346
Profit for the period	-	-	-	-	-	-	-	-	-	-	955,338	-	955,338	86,612	1,041,950
Other comprehensive income	-	-	-	-	-	-	77,668	173	-	(598,359)	-	-	(520,518)	(39,605)	(560,123)
Total comprehensive income	-	-	-	-	-	-	77,668	173	-	(598,359)	955,338	-	434,820	47,007	481,827
Final 2013 dividend declared	-	-	-	-	-	-	-	-	-	-	(176)	(645,727)	(645,903)	-	(645,903)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	26,432	(37,303)	(10,871)
Disposal of a subsidiary (note 24)	-	-	-	-	-	-	(31,984)	-	(32,275)	-	64,259	-	-	(124,519)	(124,519)
Exercise of share options (note 22(a))	4,494	-	-	-	(975)	-	-	-	-	-	-	-	3,519	-	3,519
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	22,133	22,133
Equity-settled share option expense (note 21)	-	-	-	-	12,520	-	-	-	-	(1,002)	-	-	11,518	-	11,518
Share of reserves of associates	-	-	-	-	4,194	-	-	-	-	-	-	-	4,194	-	4,194
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,304)	(2,304)
Transfer to issued capital	10,966,253	(10,964,217)	-	(2,036)	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	-	-	-	50,537	-	(50,537)	-	-	-	-
At 30 June 2014 (unaudited)	11,239,800	-*	(284,956)*	-*	60,935*	59,019*	110,340*	(992)*	1,595,002*	3,468,111*	8,925,132*	-	25,172,391	2,146,549	27,318,940

* The reserve accounts comprise the consolidated reserves of HK\$13,932,591,000 (31 December 2013: HK\$24,423,031,000) in the interim condensed consolidated statement of financial position.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before tax:		
	From continuing operations	1,658,954	2,931,710
	From a discontinued operation	2,482	20,321
	Adjustments for:		
	Finance costs	373,784	341,219
	Finance income	(245,775)	(163,133)
	Depreciation	69,573	83,184
	Income from available-for-sale investments	-	(2,227)
	Increase in fair value of investment properties	(720,395)	(542,050)
	Share of profits and losses of:		
	Joint ventures	(28,307)	(158,846)
	Associates	(201,350)	(190,595)
	Amortisation of vehicle licences	-	3,305
	Amortisation of prepaid land lease payments	795	765
	(Gain)/loss on disposal of items of property, plant and equipment, net	(9,289)	1,458
	Gain on a bargain purchase	-	(637,945)
	Gain on disposal of a subsidiary	(297,424)	-
	Loss on deemed disposal of equity interest in an associate	59,225	-
	Net fair value losses on equity investments at fair value through profit or loss	2,523	1,365
	Equity-settled share option expense	11,518	929
		676,314	1,689,460
	Decrease in trade receivables	79,545	65,916
	(Increase)/decrease in prepayments, deposits and other receivables	(37,460)	805,973
	(Increase)/decrease in inventories	(18,981)	13,475
	Decrease in completed properties held for sale	2,335,883	2,159,647
	Increase in properties under development	(2,388,612)	(3,448,058)
	(Decrease)/increase in trade payables	(7,634)	179,468
	Increase in other payables and accruals	516,547	1,546,093
	Increase in an amount due to the immediate holding company	876	1,547
	Increase in an amount due to the ultimate holding company	34,717	6,636
	Increase in restricted cash	(997,261)	(630,420)
	Cash generated from operations	193,934	2,389,737
	Interest paid	(896,725)	(701,103)
	Mainland China taxes paid	(775,767)	(477,890)
	Net cash flows (used in)/generated from operating activities	(1,478,558)	1,210,744



For the six months ended 30 June

Notes	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash flows (used in)/generated from operating activities	(1,478,558)	1,210,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	245,775	151,113
Income from available-for-sale investments	–	2,227
Dividends received from associates	82,222	60,607
Proceeds from disposal of items of property, plant and equipment	17,814	8,326
Purchases of items of property, plant and equipment	(35,004)	(58,250)
Acquisition of a subsidiary	–	355,159
Acquisition of non-controlling interests	(10,871)	–
Proceeds from disposal of a subsidiary	371,633	–
Additions to investment properties	(134,140)	(243,309)
Loans to joint ventures	(925,899)	(314)
Loans to associates	4,313	(10,829)
Increase in other long term assets	–	(429,580)
Addition to investments in joint ventures	(198,623)	–
Additions to intangible assets	–	(15,923)
Increase in pledged deposits	(329,628)	(164,671)
Net cash flows used in investing activities	(912,408)	(345,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,519	9,348
Dividends paid to non-controlling shareholders	(2,304)	(8,921)
Establishment of a subsidiary	22,133	–
(Decrease)/increase in an amount due to the ultimate holding company	(438,309)	1,559,148
Repayments of loans from fellow subsidiaries	(24,816)	92,128
Repayments of loans from non-controlling shareholders	(557)	122,990
New bank and other borrowings	9,466,986	3,815,896
Repayment of bank and other borrowings	(6,699,395)	(6,483,409)
Net cash flows generated from/(used in) financing activities	2,327,257	(892,820)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(63,709)	(27,520)
Cash and cash equivalents at beginning of period	6,645,378	6,734,052
Effect of foreign exchange rate changes, net	(106,916)	108,924
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,474,753	6,815,456
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,981,510	6,230,801
Non-pledged time deposits with original maturity of less than three months when acquired	493,243	584,655
Cash and cash equivalents as stated in the statement of cash flows	6,474,753	6,815,456



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2014

1. CORPORATE INFORMATION

Shenzhen Investment Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in note 3.

In the opinion of the directors, the immediate holding company of the Company is Shum Yip Holdings Company Limited (“Shum Yip Holdings”, 深業(集團)有限公司), which is a private company incorporated in Hong Kong. The ultimate holding company of the Group is 深業集團有限公司 (“Shum Yip Group”), which is a state-owned company established in Shenzhen, the People’s Republic of China (the “PRC”).

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013.



2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the revised standards, interpretation and amendments as of 1 January 2014 noted below:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments HKAS 32 Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the above revised standards, interpretation and amendments has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- (a) the property development segment engages in the development of residential, industrial and commercial properties;
- (b) the property investment segment invests in residential, industrial and commercial properties for their rental income potential;
- (c) the property management segment engages in the management of both properties developed by the Group and external parties;
- (d) the manufacturing segment engages in the manufacture and sale of industrial and commercial products; and
- (e) the “others” segment comprises, principally, the hotel operation, manufacture and sale of aluminum alloy products and other businesses.

Management monitors the operating results of the Group’s business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group’s profit before tax except that interest income, finance costs, dividend income, fair value gains or losses from the Group’s financial instruments as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, pledged deposits, restricted cash, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank loans and other borrowings, an amount due to the ultimate holding company, tax payable, an amount due to the immediate holding company, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



3. OPERATING SEGMENT INFORMATION (CONTINUED)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 June 2014	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property management (Unaudited) HK\$'000	Manufacturing (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to customers	2,949,477	303,583	576,396	179,455	248,716	4,257,627
Intersegment sales	-	5,473	2,079	-	18,898	26,450
	2,949,477	309,056	578,475	179,455	267,614	4,284,077
<i>Reconciliation</i>						
Elimination of intersegment sales						(26,450)
Revenue						4,257,627
Segment results before increase in fair value of investment properties	595,851	291,979	19,726	1,103	(58,476)	850,183
Increase in fair value of investment properties	-	720,395	-	-	-	720,395
Segment results after increase in fair value of investment properties	595,851	1,012,374	19,726	1,103	(58,476)	1,570,578
<i>Reconciliation</i>						
Elimination of intersegment results						(4,270)
Finance income						245,775
Dividend income and unallocated gains						28,666
Gain on disposal of a subsidiary (note 24)						297,424
Loss on deemed disposal of equity interest in an associate (note 14)						(59,225)
Fair value losses on financial instruments at fair value through profit or loss, net						(2,523)
Corporate and other unallocated expenses						(43,687)
Finance costs						(373,784)
Profit before tax from continuing operations						1,658,954
As at 30 June 2014						
Segment assets	45,449,623	19,160,778	154,363	185,397	4,018,382	68,968,543
<i>Reconciliation</i>						
Corporate and other unallocated assets						10,104,119
Total assets						79,072,662
Segment liabilities	12,438,737	2,407,072	418,045	50,665	1,091,080	16,405,599
<i>Reconciliation</i>						
Corporate and other unallocated liabilities						35,348,123
Total liabilities						51,753,722



3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2013 (Restated)	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property management (Unaudited) HK\$'000	Manufacturing (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to customers	3,638,335	275,368	546,821	168,016	269,323	4,897,863
Intersegment sales	–	6,538	2,862	–	31,011	40,411
	3,638,335	281,906	549,683	168,016	300,334	4,938,274
<i>Reconciliation</i>						
Elimination of intersegment sales						(40,411)
Revenue						4,897,863
Segment results before increase in fair value of investment properties	1,533,226	284,059	16,698	603	132,603	1,967,189
Increase in fair value of investment properties	–	542,044	–	–	–	542,044
Segment results after increase in fair value of investment properties	1,533,226	826,103	16,698	603	132,603	2,509,233
<i>Reconciliation</i>						
Elimination of intersegment results						(3,699)
Finance income						163,003
Dividend income and unallocated gains						8,132
Gain on a bargain purchase						637,945
Fair value losses on financial instruments at fair value through profit or loss, net						(1,365)
Corporate and other unallocated expenses						(44,028)
Finance costs						(337,511)
Profit before tax from continuing operations						2,931,710
As at 31 December 2013 (Audited)						
Segment assets	44,357,392	18,921,005	142,511	170,647	4,077,519	67,669,074
<i>Reconciliation</i>						
Corporate and other unallocated assets						8,427,001
Assets related to a discontinued operation						795,450
Total assets						76,891,525
Segment liabilities	12,094,403	2,477,705	325,609	46,535	1,111,154	16,055,406
<i>Reconciliation</i>						
Corporate and other unallocated liabilities						32,832,410
Liabilities related to a discontinued operation						424,363
Total liabilities						49,312,179

As the Group generates substantially all of its revenues from customers domiciled in the Mainland China, no geographical information is presented.



4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Revenue		
Sale of properties	2,949,477	3,638,335
Gross management fee income	576,396	546,821
Gross rental income from investment properties	303,583	275,368
Sale of commercial and industrial goods	179,455	168,016
Others	248,716	269,323
	4,257,627	4,897,863
Other income and gains		
Finance income	245,775	163,003
Gain on a bargain purchase	–	637,945
Gain on disposal of a subsidiary (note 24)	297,424	–
Others	51,739	82,434
	594,938	883,382



5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Interest on:		
Bank loans	654,512	574,668
Other borrowings	46,306	65,389
Loans from the ultimate holding company	182,451	46,440
Loans from fellow subsidiaries	9,132	6,536
Loans from non-controlling shareholders	4,324	4,362
Total interest expense on financial liabilities not at fair value through profit or loss	896,725	697,395
Less: Interest capitalised	(522,941)	(359,884)
	373,784	337,511



6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

		For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
	Notes		
Cost of properties and inventories sold		2,379,816	2,146,188
Cost of services provided		846,010	809,576
Depreciation	11	69,573	64,125
Amortisation of prepaid land lease payments		795	703
Gains on disposal of items of property, plant and equipment, net		(9,289)	(3)
Gain on disposal of a subsidiary	24	(297,424)	–
Loss on deemed disposal of equity interest in an associate*	14	59,225	–
Gain on a bargain purchase		–	(637,945)

* The loss on deemed disposal of equity interest in an associate is included in "Other expenses" in the interim condensed consolidated statement of profit or loss.



7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: Nil).

Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the provinces in which the Group operates.

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at a statutory rate of 25% on their respective taxable income during the period.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Current:		
Mainland China corporate income tax	268,396	416,177
Withholding tax on dividend	21,585	–
LAT in Mainland China	156,731	464,370
Deferred:		
Mainland China corporate income tax	184,694	137,412
Withholding tax on dividend	(144)	47,047
LAT in Mainland China	(12,311)	(92,271)
Total tax charge for the period	618,951	972,735



7. INCOME TAX EXPENSE (CONTINUED)

The share of taxes attributable to associates and joint ventures amounting to HK\$192,991,000 (six months ended 30 June 2013: HK\$207,973,000) and HK\$10,694,000 (six months ended 30 June 2013: HK\$63,477,000), respectively, is included in “Share of profits and losses of associates” and “Share of profits and losses of joint ventures” on the face of the interim condensed consolidated statement of profit or loss.

8. DISCONTINUED OPERATION

On 31 December 2013, the Group entered into an agreement with Shum Yip Holdings, the immediate holding company, to dispose of its 80% equity interest in Shum Yip Shumkang (Group) Co., Ltd. (“Shum Yip Shumkang”) for a cash consideration of RMB340,208,000 (equivalent to HK\$435,058,000). The transaction was completed on 7 March 2014.

The directors of the Company are of the view that as the transportation services operated by Shum Yip Shumkang are not the core business activities of the Group, and the disposal of such operation will strengthen the Group’s ability to focus on its real estate business and improve its management and operation efficiency.



8. DISCONTINUED OPERATION (CONTINUED)

The results of the discontinued operation for the period are presented below:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	46,701	140,469
Cost of sales	(31,006)	(85,980)
Increase in fair value of investment properties	–	6
Other income and gains	630	4,656
Share of profits and losses of associates	2,372	2,383
Administrative expenses	(14,839)	(36,279)
Other expenses	(224)	(1,226)
Finance costs	(1,152)	(3,708)
Profit before tax from the discontinued operation	2,482	20,321
Income tax expense	(535)	(3,926)
Profit for the period from the discontinued operation	1,947	16,395
Attributable to:		
Owners of the parent	2,092	8,882
Non-controlling interests	(145)	7,513
	1,947	16,395



8. DISCONTINUED OPERATION (CONTINUED)

The net cash flows incurred by the discontinued operation are as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Operating activities	(3,153)	10,088
Investing activities	(5,237)	(41,868)
Financing activities	(39,514)	63,977
Net cash (outflow)/inflow	(47,904)	32,197
Earnings per share:		
Basic, from the discontinued operation	HK0.04 cents	HK0.22 cents
Diluted, from the discontinued operation	HK0.04 cents	HK0.23 cents



8. DISCONTINUED OPERATION (CONTINUED)

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Profit attributable to ordinary equity holders of the parent from the discontinued operation	HK\$2,092,000	HK\$8,882,000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 9)	5,381,151,566	3,964,873,212
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 9)	5,385,969,812	3,984,396,175

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.



9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of the basic and diluted earnings per share amounts are based on:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations		
From continuing operations	953,246	1,741,353
From a discontinued operation	2,092	8,882
	955,338	1,750,235

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	5,381,151,566	3,964,873,212
Effect of dilution – weighted average number of ordinary shares:		
Share options	4,818,246	19,522,963
	5,385,969,812	3,984,396,175



10. DIVIDEND

On 27 August 2014, the board of directors declared an interim dividend of HK3.00 cents per share for the six months ended 30 June 2014 (six months ended 30 June 2013: HK7.00 cents per share).

11. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Carrying amount at 1 January		2,697,625	2,414,252
Additions		35,004	203,134
Acquisition of a subsidiary		–	348,240
Transfer from properties under development	13	9,934	99,319
Transfer from completed properties held for sale		–	7,186
Surplus on revaluation		101,211	–
Disposals		(8,525)	(14,362)
Included in assets held for sale		–	(238,729)
Depreciation charge for the period/year		(69,573)	(161,205)
Exchange realignment		(36,753)	39,790
Carrying amount at 30 June/ 31 December		2,728,923	2,697,625

The Group's land and buildings were revalued individually at 30 June 2014 by management, at an aggregate open market value of HK\$232,443,000 based on their existing use. A revaluation surplus of HK\$101,211,000, resulting from the above valuation, has been credited to other comprehensive income.



11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 June 2014, the Group has not yet obtained the ownership certificates in respect of the buildings with a net book value of HK\$335,583,000 (31 December 2013: HK\$348,982,000).

As at 30 June 2014, certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$863,951,000 (31 December 2013: HK\$879,033,000) were pledged to secure bank loans granted to the Group (note 19(a)(i)).

12. INVESTMENT PROPERTIES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)		
	Investment properties at fair value HK\$'000	Investment properties at fair value HK\$'000	Investment properties under construction at cost HK\$'000	Total HK\$'000
Carrying amount at 1 January	15,299,549	9,132,939	77,400	9,210,339
Additions	247,828	369,722	146,885	516,607
Acquisition of a subsidiary	–	6,116,333	–	6,116,333
Transfer to properties under development (note 13)	(185,963)	(861,787)	(224,285)	(1,086,072)
Net gain from a fair value adjustment	720,395	624,403	–	624,403
Disposal	–	(139,076)	–	(139,076)
Assets included in a discontinued operation	–	(177,710)	–	(177,710)
Exchange realignment	(228,794)	234,725	–	234,725
Carrying amount at 30 June/ 31 December	15,853,015	15,299,549	–	15,299,549
Unrealised gains for the period/ year included in profit or loss	720,395	618,664	–	618,664



12. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties are situated in Mainland China and are held under medium term leases.

Certificates of ownership in respect of certain investment properties of the Group with a net carrying amount of approximately HK\$2,027,524,000 as at 30 June 2014 (31 December 2013: HK\$2,092,941,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

As at 30 June 2014, the Group's investment properties with a net book value of approximately HK\$4,351,220,000 (31 December 2013: HK\$4,157,621,000) were pledged to secure bank loans granted to the Group (note 19(a)(iii)).

The Group's investment properties consist of several commercial and industrial properties in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued at 30 June 2014 based on valuation performed by Asset Appraisal Limited, an independent firm of professionally qualified property valuers, at approximately HK\$15,853,015,000.



12. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 June 2014 using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	11,458,369	11,458,369
Industrial properties	–	–	4,394,646	4,394,646
	–	–	15,853,015	15,853,015

	Fair value measurement as at 31 December 2013 using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	11,303,852	11,303,852
Industrial properties	–	–	3,995,697	3,995,697
	–	–	15,299,549	15,299,549



12. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)
As at 30 June 2014			
Commercial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	2,000 – 32,000 (13,000)
Industrial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	1,900 – 26,000 (11,000)
As at 31 December 2013			
Commercial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	2,000 – 32,000 (12,000)
Industrial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	1,200 – 24,000 (10,000)

The fair values of investment properties are determined using the comparison method by making references to comparable sale evidence as available in the relevant market. Comparable properties of similar size, character and location are analysed and selected for each investment property in order to arrive at a fair comparison of their fair values. The fair value measurement is positively correlated to the market unit sale rate.



13. PROPERTIES UNDER DEVELOPMENT

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Land in Mainland China held under medium term leases, at cost:		
At 1 January	21,076,061	10,933,166
Additions	702,683	2,462,889
Acquisition of a subsidiary	–	8,700,613
Transfer to completed properties held for sale	(449,880)	(1,964,935)
Transfer from investment properties (note 12)	185,963	668,002
Transfer to prepaid land lease payments	–	(1,540)
Exchange realignment	(312,833)	277,866
At 30 June/31 December	21,201,994	21,076,061
Development expenditure, at cost:		
At 1 January	7,280,810	4,790,707
Additions	2,246,046	4,998,497
Acquisition of a subsidiary	–	819,797
Transfer to completed properties held for sale	(1,891,545)	(3,759,476)
Transfer from investment properties (note 12)	–	418,070
Transfer to property, plant and equipment (note 11)	(9,934)	(99,319)
Exchange realignment	(130,711)	112,534
At 30 June/31 December	7,494,666	7,280,810
	28,696,660	28,356,871



13. PROPERTIES UNDER DEVELOPMENT (CONTINUED)

As at 30 June 2014, the Group's properties under development with a net book value of approximately HK\$1,465,267,000 (31 December 2013: HK\$1,826,242,000) were pledged to secure bank loans granted to the Group (note 19(a)(ii)).

As at 30 June 2014, the application for certificates of land in Mainland China held under medium term leases with a net book value of HK\$1,548,775,000 (31 December 2013: HK\$1,531,689,000) was still in progress.

14. INVESTMENTS IN ASSOCIATES

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Share of net assets	6,412,563	6,481,455
Goodwill on acquisition	91,577	91,577
Loans to associates	75,206	79,519
Included in assets held for sale	–	(55,597)
Provision for impairment	(667,000)	(667,000)
	5,912,346	5,929,954
Market value of listed shares	1,557,704	1,728,513

The loans to associates as at 30 June 2014 are unsecured, interest-free and are repayable after twelve months from the end of the reporting period.

The loans from associates included in the Group's other payables and accruals are disclosed in note 27(d)(iii) to the interim condensed consolidated financial statements.



14. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation/ registration and business	Nominal value of issued and fully paid-up capital/ registered capital	Percentage of ownership interest attributable to the Group		Principal activities
				30 June 2014	31 December 2013	
Coastal Greenland Limited ("Coastal Greenland")*	Corporate	Bermuda/ Mainland China	HK\$418,587,000	15.08	22.62	Property development and investment
Road King Infrastructure Ltd.	Corporate	Bermuda/ Mainland China	HK\$73,398,000	27.57	27.52	Provision of investment and management of toll roads and property development
Shenzhen Tianan Cyber Park (Group) Co., Ltd.	Corporate	PRC/ Mainland China	US\$62,000,000	37.53	37.53	Property investment and development

- * On 24 January 2014, Coastal Greenland announced a plan to issue 1,395,291,428 open offer shares at a price of HK\$0.25 per open offer share by way of one open share for every two existing shares held by the shareholders. The Company didn't take up its entitlements under the open offer. Upon completion of the open offer on 14 March 2014, the equity interest held by the Company in Coastal Greenland decreased from 22.62% as at 31 December 2013 to 15.08%. The loss on deemed disposal of equity interest in Coastal Greenland amounting to HK\$59,225,000 is charged to the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2014.

The Group continues to account for Coastal Greenland as an associate subsequent to the deemed disposal equity interest as abovementioned. Although the Group holds less than 20% of the ownership interest and voting control of Coastal Greenland, the Group considers that it has the ability to exercise significant influence over Coastal Greenland through both its shareholding and its nominated directors' participation on Coastal Greenland's board of directors.



15. INVESTMENTS IN JOINT VENTURES

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Share of net assets	548,028	333,357
Goodwill on acquisition	6,116	–
Loans to joint ventures	936,261	10,362
	1,490,405	343,719

The loans to joint ventures included in investment in joint ventures are unsecured, interest-free and are repayable after 12 months from the end of the reporting period.

Included in the Group's prepayments, deposits and other receivables are amounts due from a joint venture of the Group totaling HK\$3,322,549,000 (31 December 2013: HK\$3,248,844,000), which are unsecured and have no fixed terms of repayment, and bear interest at 12% per annum (31 December 2013: 12%). In addition, included in the Group's prepayments, deposits and other receivables is an amount due from a joint venture of HK\$47,252,000 (31 December 2013: Nil), which is unsecured and has no fixed terms of repayment, and bears interest at one-year benchmark lending rate of the People's Bank Of China (the "PBOC").



15. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Particulars of the joint ventures are as follows:

Name	Nominal value of registered capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Taizhou Shum Yip Investment Development Limited ("Taizhou Shum Yip")	RMB100,000,000	PRC/ Mainland China	51	50	51	Provision of development service
Shenzhen Shum Yip Pengji Baohua Investment Limited ("Shum Yip Pengji Baohua")	RMB100,000,000	PRC/ Mainland China	50	50	50	Property development
Shenzhen Langtong Property Development Company Limited ("Langtong")	RMB100,000,000	PRC/ Mainland China	50	50	50	Property development
Shenzhen Guoye Qianhai Investment Development Consulting Company Limited ("Guoye Qianhai")	RMB6,000,000	PRC/ Mainland China	50	50	50	Investment consultation, real estate consultation and logistics consultation

All of the above investments are indirectly held by the Company.

16. OTHER LONG TERM ASSETS

As at 30 June 2014, other long term assets mainly represented a prepayment of HK\$1,392,429,000 (31 December 2013: HK\$1,571,337,000) related to the acquisition of land use rights. The remaining balance of HK\$12,492,000 (31 December 2013: HK\$12,719,000) included receivables from other independent third parties.



17. TRADE RECEIVABLES

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade receivables	366,097	446,222
Impairment	(29,520)	(30,100)
	336,577	416,122

Under normal circumstances, the Group does not grant any credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the contract date and net of provision, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	308,785	407,207
One to two years	27,792	8,915
	336,577	416,122



18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Cash and bank balances	5,981,510	6,379,869
Time deposits	2,764,386	1,098,434
	8,745,896	7,478,303
Less: Pledged time deposits:		
Pledged for long term bank loans (note 19(a)(iv))	–	(17,277)
Pledged for short term bank loans (note 19(a)(iv))	(360,499)	(13,594)
Restricted cash*	(1,910,644)	(913,383)
Cash and cash equivalents	6,474,753	6,534,049

- * Included in the Group's restricted cash is an amount of HK\$6,516,000 deposited in an escrow account jointly operated by the Group and an independent third party as at 30 June 2014 (31 December 2013: HK\$26,315,000).

The remaining balance of HK\$1,904,128,000 (31 December 2013: HK\$887,068,000) in the Group's restricted cash was limited to use in the development of certain property projects. In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of presale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of the related pre-sold properties or issuance of the real estate ownership certificates, whichever is the earlier.



19. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current						
Bank loans-secured	6.06 – 8.2	2015	1,893,988	6.00 – 7.995	2014	1,362,446
Bank loans-unsecured	5.841 – 7.5 HIBOR + 1.95- HIBOR + 2.95 LIBOR + 2- LIBOR + 2.95	2015	9,403,144	2.48 – 7.38 HIBOR + 1.95- HIBOR + 2.95, LIBOR + 2- LIBOR + 2.95	2014	9,685,939
Other borrowings-secured	6.60	2015	29,981			–
Other borrowings-unsecured	6 – 7.2	2015	717,041	6.0 – 9.8	2014	1,073,484
			<u>12,044,154</u>			<u>12,121,869</u>
Non-current						
Bank loans-secured	6.462 – 7.68	2015-2021	2,054,745	6.396 – 7.38	2015-2021	2,401,712
Bank loans-unsecured	6.15 – 6.656 HIBOR + 2.2- HIBOR + 2.95, LIBOR + 2.4- LIBOR + 2.95	2015-2023	12,666,968	6.15 – 7.38 HIBOR + 2.2- HIBOR + 2.95, LIBOR + 2.4- LIBOR + 2.95	2015-2023	9,765,792
			<u>14,721,713</u>			<u>12,167,504</u>
			<u>26,765,867</u>			<u>24,289,373</u>



19. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	11,297,132	11,048,385
In the second year	6,416,046	6,351,766
From third to fifth years	6,333,261	4,462,480
Over five years	1,972,406	1,353,258
	26,018,845	23,215,889
Other borrowings:		
Within one year	747,022	1,073,484
	26,765,867	24,289,373



19. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (a) Bank loans and other borrowings amounting to HK\$3,978,714,000 (31 December 2013: HK\$3,764,158,000) were secured by:
- (i) certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$863,951,000 (31 December 2013: HK\$879,033,000) (note 11);
 - (ii) certain of the Group's properties under development with a net book value of approximately HK\$1,465,267,000 (31 December 2013: HK\$1,826,242,000) (note 13);
 - (iii) certain of the Group's investment properties with a net book value of approximately HK\$4,351,220,000 (31 December 2013: HK\$4,157,621,000) (note 12);
 - (iv) certain of the Group's bank deposits with a net book value of HK\$360,499,000 (31 December 2013: HK\$30,871,000) (note 18); and
 - (v) certain of the Group's completed properties held for sale with a net book value of HK\$395,091,000 (31 December 2013: Nil).

In addition, Shum Yip Group, the ultimate holding company, has guaranteed certain of the Group's bank loans of HK\$3,815,700,000 as at 30 June 2014 (31 December 2013: HK\$3,179,750,000) (note 27(b)(i)).

- (b) Except for the bank loans equivalent to HK\$5,761,153,000 (31 December 2013: HK\$5,337,023,000) and HK\$3,650,000,000 (31 December 2013: HK\$2,776,000,000), which are denominated in United States dollars and Hong Kong dollars respectively, all borrowings of the Group are in RMB.
- (c) The carrying amounts of the Group's borrowings approximate to their fair values, which have been calculated by discounting the expected future cash flows at the prevailing interest rates.



20. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	703,072	948,763
One to two years	252,564	39,465
Two to three years	7,609	1,337
Over three years	39,732	39,410
	1,002,977	1,028,975

The trade payables are non-interest-bearing.



21. SHARE OPTION SCHEME

The Company operated a share option scheme (the “Old Scheme”), which became effective on 5 June 2002 and expired on 5 June 2012. Upon expiration of the Old Scheme, no further options may be granted but in all other respects, the provisions of the Old Scheme shall remain in full force and effect. Therefore, the expiry of the Old Scheme will not in any event affect the terms of the exercise of any outstanding options that has already been granted under the Old Scheme and such outstanding options granted under the Old Scheme shall continue to be subject to the provisions of the Old Scheme.

A new share option scheme (the “New Scheme”) was approved and adopted on 22 June 2012 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The eligible participants of the New Scheme include any employee or director (including executive, non-executive and independent non-executive directors) of any member of the Group, or any employee, partner or director of any business consultant, joint venture partner, financial adviser and legal adviser of and to any member of the Group, as absolutely determined by the board of directors. The New Scheme became effective on 22 June 2012 and, unless otherwise cancelled or amended, shall be valid and effective for a period of 10 years from that date, after which period no further options will be issued but in all other respects the provisions of the New Scheme shall remain in full force and effect.



21. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Old Scheme and the New Scheme during the period:

	30 June 2014 (Unaudited)		31 December 2013 (Audited)	
	Weighted average price HK\$ per share	Number of options	Weighted average price HK\$ per share	Number of options
At 1 January	2.5145	68,347,109	2.4086	91,578,000
Granted during the period/year	2.8500	123,134,000	3.1600	11,052,000
Exercised during the period/year	2.3900	(1,472,400)	2.3900	(10,570,230)
Forfeited during the period/year	–	–	2.5021	(9,116,400)
Lapsed during the period/year	–	–	2.5021	(6,077,600)
Cancelled during the period/year	–	–	2.3900	(8,518,661)
At 30 June/31 December	2.7329	190,008,709	2.5145	68,347,109

The weighted average closing share price at the date of exercise for share options exercised during the period was HK\$2.6189 per share (Year ended 31 December 2013: HK\$3.1819).



21. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options	Exercise price* HK\$ per share	Exercise period
123,134,000	2.8500	28-1-2016 to 27-1-2019
11,052,000	3.1600	19-7-2014 to 18-7-2015
55,822,709	2.3900	19-7-2012 to 18-7-2015
<u>190,008,709</u>		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the period was HK\$61,430,000 (HK\$0.50 each). The Group recognised a share option expense of HK\$11,518,000 (six months ended 30 June 2013: HK\$929,000) during the six months ended 30 June 2014.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	6.32
Volatility (%)	46.461
Risk-free interest rate (%)	1.356
Expected life of options (year)	1.6-4.6

No other feature of the options granted was incorporated into the measurement of fair value.



21. SHARE OPTION SCHEME (CONTINUED)

The 1,472,400 share options exercised during the period resulted in the issue of 1,472,400 ordinary shares of the Company and new share capital of HK\$3,519,000 (before issue expenses), as further detailed in note 22(a).

At the end of the reporting period, the Company had 190,008,709 share options outstanding under the Old Scheme and the New Scheme.

As at the date of this report, options carrying rights to subscribe for 190,008,709 shares remained outstanding and were yet to be exercised, which represented approximately 3.41% of the Company's shares in issue as at that date.

22. ISSUED CAPITAL

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Issued and fully paid:		
5,382,527,705 (31 December 2013: 5,381,055,305) ordinary shares	11,239,800	269,053



22. ISSUED CAPITAL (CONTINUED)

During the period, the movements in share capital were as follows:

	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	5,381,055,305	269,053	10,964,217	2,036	11,235,306
Share options exercised (a)	1,472,400	4,494	-	-	4,494
Transfer to issued capital (b)	-	10,966,253	(10,964,217)	(2,036)	-
At 30 June 2014 (unaudited)	5,382,527,705	11,239,800	-	-	11,239,800

Notes:

- (a) The subscription rights attaching to 1,472,400 share options were exercised at the subscription price of HK\$2.39 per share, resulting in the issue of 1,472,400 shares for a total cash consideration, before expenses, of HK\$3,519,000. An amount of HK\$975,000 was transferred from the share option reserve to the issued share capital account upon the exercise of the share options.
- (b) Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance which became effective on 3 March 2014, the balance of share premium account and capital redemption reserve as at 3 March 2014 have been transferred to issued capital.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current period are presented in the interim condensed consolidated statement of changes in equity on pages 8 to 9 of the interim condensed consolidated financial statements.



24. DISPOSAL OF A SUBSIDIARY

On 7 March 2014, the Group completed the disposal of its 80% equity interest in Shum Yip Shumkang to Shum Yip Holdings. The consideration of RMB340,208,000 (equivalent to HK\$435,058,000) was settled on the disposal date. The net assets disposed of as at the date of disposal were as follows:

	Note	7 March 2014 (Unaudited) HK\$'000
Net Assets disposed of:		
Property, plant and equipment		232,656
Investment properties		178,674
Prepaid land lease payments		4,044
Intangible assets		116,081
Investments in associates		57,004
Available-for-sale investments		7,463
Other long term assets		35,759
Deferred tax assets		3,016
Trade receivables		5,067
Prepayments, deposits and other receivables		50,167
Inventories		2,647
Cash and cash equivalents		63,425
Interest-bearing bank loans and other borrowings		(85,387)
Trade payables		(954)
Other payables and accruals		(291,772)
Tax payable		(1,392)
Deferred tax liabilities		(22,528)
Non-controlling interests		(124,519)
		229,451
Gain on disposal of a subsidiary:		
Cash consideration		435,058
Net assets disposed of		(229,451)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from other comprehensive income to profit or loss upon disposal		91,817
	4	297,424



24. DISPOSAL OF A SUBSIDIARY (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	7 March 2014 (Unaudited) HK\$'000
Cash consideration	435,058
Cash and cash equivalents disposed of	(63,425)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	371,633

25. CAPITAL COMMITMENTS

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	6,951,052	6,566,422
Authorised, but not contracted for	38,829	39,534
	6,989,881	6,605,956



26. CONTINGENT LIABILITIES

At 30 June 2014, the Group has given guarantees to a maximum extent of approximately HK\$2,173,740,000 (31 December 2013: HK\$3,193,044,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends when the buyer of the Group's properties obtained the individual property ownership certificate.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.



27. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

		For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
	Notes		
(1) Shum Yip Group, the ultimate holding company:			
– Interest expense (note 27(d)(i))		182,451	46,440
(2) Shum Yip Holdings, the immediate holding company:			
– Rental expenses (i)	(i)	5,544	919
(3) Associates:			
– Sales of products (ii)	(ii)	70,835	48,648
(4) Fellow subsidiaries:			
– Sales of properties		–	341,484
– Interest expense (note 27(d)(v))		9,132	6,536
– Estate agency fee income (iii)	(iii)	4,131	18,804
(5) Joint ventures:			
– Interest income (note 15)		211,777	116,791
(6) Non-controlling shareholders			
– Interest expense (note 27(d)(vi))		4,324	4,362

Notes:

- (i) The rentals were recognised at prices based on mutual agreement between the parties.
- (ii) The sales to the associates were made according to the published prices and conditions offered to the major customers of the Group.
- (iii) The estate agency fee income from a fellow subsidiary was charged at prices based on mutual agreement between the parties.
- (iv) In the opinion of the directors, the above related party transactions were conducted on normal commercial terms and in the ordinary course of the Group's business.



27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transaction with related parties

- (i) At 30 June 2014, the Group's bank loans amounting to HK\$3,815,700,000 (31 December 2013: HK\$3,179,750,000) were guaranteed by Shum Yip Group (note 19(a)).

- (ii) On 7 March 2014, the Group disposed of its 80% equity interest in Shum Yip Shumkang to Shum Yip Holdings for a cash consideration of RMB340,208,000 (equivalent to HK\$435,058,000). Further details of the transaction are included in note 24 to the interim condensed consolidated financial statements.

(c) Commitments with a related party:

The Group entered into certain operating lease arrangements with Shum Yip Holdings. The amount of lease expenses for the period is included in note 27(a) to the interim condensed consolidated financial statements. The Group expects total lease expenses in the second half year of 2014, the years of 2015 and 2016 to be approximately HK\$3,207,000, HK\$2,739,000 and HK\$913,000, respectively.



27. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties

- (i) Included in the aggregate amount due to the ultimate holding company under current liabilities is an amount of HK\$2,018,471,000 as at 30 June 2014 (31 December 2013: HK\$1,967,123,000), which is unsecured, bears interest at the one-year benchmark lending rate of the PBOC and repayable on demand. In addition, included in the aggregate amount due to the ultimate holding company under current liabilities is an amount of HK\$624,600,000 as at 30 June 2014 (31 December 2013: HK\$1,717,065,000), which is unsecured, bears interest at 9.9% per annum, and repayable from 30 October 2014 to 8 December 2014. The remaining amount due to the ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

Included in the aggregate amount due to the ultimate holding company under non-current liabilities is an amount of HK\$1,199,232,000 as at 30 June 2014 (31 December 2013: HK\$1,221,024,000), which is unsecured, bears interest at 9.9% per annum and repayable on 9 September 2015. In addition, included in the aggregate amount due to the ultimate holding company under non-current liabilities is an amount of HK\$624,600,000 (31 December 2013: Nil), which is unsecured, bears interest at 110% of the three-year benchmark lending rate of the PBOC, and repayable on 26 June 2016.

- (ii) As disclosed in the interim condensed consolidated statement of financial position, the Group had an amount due to the immediate holding company of HK\$32,322,000 (31 December 2013: HK\$31,446,000). The amount is unsecured, interest-free and has no fixed terms of repayment.



27. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties (continued)

- (iii) Details of the Group's amounts due from its associates as at the end of the reporting period are included in note 14 to the interim condensed consolidated financial statements.

Included in the Group's other payables and accruals are amounts due to its associates of HK\$282,948,000 (31 December 2013: HK\$278,649,000), which are unsecured, interest-free and have no fixed terms of repayment.

- (iv) Details of the Group's amounts due from its joint ventures as at the end of the reporting period are included in note 15 to the interim condensed consolidated financial statements.

- (v) Included in the Group's prepayments, deposits and other receivables are amounts due from fellow subsidiaries of HK\$14,239,000 (31 December 2013: HK\$13,273,000), which are unsecured, interest-free and have no fixed terms of repayment.

The loans from fellow subsidiaries included in the Group's other payables and accruals are unsecured and have no fixed terms of repayment. Amounts due to fellow subsidiaries of HK\$258,460,000 (31 December 2013: HK\$283,276,000) bear interest at the one-year benchmark lending rate of the PBOC, while the remaining balance of HK\$94,998,000 (31 December 2013: HK\$93,806,000) is interest-free.



27. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties (continued)

- (vi) Included in the Group's prepayments, deposits and other receivables are amounts due from non-controlling shareholders of certain subsidiaries of the Group of HK\$3,821,000 (31 December 2013: HK\$2,578,000), which are unsecured, interest-free and have no fixed terms of repayment.

Included in the Group's other payables and accruals are amounts due to non-controlling shareholders of certain subsidiaries of the Group of HK\$122,129,000 (31 December 2013: HK\$122,686,000), which are unsecured, bear interests from the one-year benchmark lending rate of the PBOC to 7.5% per annum and repayable on demand. The remaining balance of HK\$28,011,000 (31 December 2013: HK\$28,580,000) is unsecured, interest-free and has no fixed terms of repayment.

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term employee benefits	6,339	2,364
Share-based payments	2,561	851
Total compensation paid to key management personnel	8,900	3,215

The related party transactions in respect of items (a)(1), (a)(2), (a)(4) and (b) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Financial assets				
Pledged deposits				
– non-current portion	–	17,277	–	17,277
Other long term assets	12,492	12,719	11,742	11,999
Available-for-sale investments	39,313	39,790	39,313	39,790
Equity investments at fair value through profit or loss	8,488	11,011	8,488	11,011
	60,293	80,797	59,543	80,077

	Carrying amounts		Fair values	
	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Financial liabilities				
Interest-bearing bank loans and other borrowings				
– non-current portion	14,721,713	12,167,504	14,721,713	12,167,504
Due to the ultimate holding company – non-current portion	1,823,832	1,221,024	1,823,832	1,221,024
	16,545,545	13,388,528	16,545,545	13,388,528



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, restricted cash, short term pledged deposits, trade receivables, deposits and other receivables, amounts due from/to subsidiaries, trade payables, other payables, an amount due to the immediate holding company and current portion of an amount due to the ultimate holding company approximated to their respective carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of pledged deposits, other long term assets, interest-bearing bank loans and other borrowings and non-current portion of an amount due to the ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans and other borrowings as at 30 June 2014 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 30 June 2014

	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Available-for-sale investments	27,037	–	12,276	39,313
Equity investments at fair value through profit or loss	8,488	–	–	8,488
	35,525	–	12,276	47,801



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2013

	Fair value measurement using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
Available-for-sale investments	27,037	–	12,753	39,790
Equity investments at fair value through profit or loss	11,011	–	–	11,011
	38,048	–	12,753	50,801

The Group did not have any financial liabilities measured at fair value as at 30 June 2014 (31 December 2013: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2013: Nil).



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

Group

As at 30 June 2014

	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
	markets	(Level 2)	(Level 3)	
(Level 1)	(Unaudited)	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other long term assets	–	11,742	–	11,742

As at 31 December 2013

	Fair value measurement using			Total (Audited) HK\$'000
	Quoted	Significant	Significant	
	prices	observable	unobservable	
	in active	inputs	inputs	
	markets	(Level 2)	(Level 3)	
(Level 1)	(Audited)	(Audited)	(Audited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pledged deposits – non-current portion	–	17,277	–	17,277
Other long term assets	–	11,999	–	11,999
	–	29,276	–	29,276



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

Group

As at 30 June 2014

	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Interest-bearing bank loans and other borrowings – non-current portion	–	14,721,713	–	14,721,713
Due to the ultimate holding company – non-current portion	–	1,823,832	–	1,823,832
	–	16,545,545	–	16,545,545



28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2013

	Fair value measurement using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
Interest-bearing bank loans and other borrowings				
– non-current portion	–	12,167,504	–	12,167,504
Due to the ultimate holding company – non-current portion	–	1,221,024	–	1,221,024
	–	13,388,528	–	13,388,528

29. EVENT AFTER THE REPORTING PERIOD

Pursuant to an acquisition agreement and a supplemental agreement entered into by the Company, Shum Yip Holdings, Shum Yip Group and Shenzhen Nongke Group Limited (“Nongke Group”) (深圳市農科集團有限公司) on 27 January 2014 and 8 May 2014, respectively, the Company has conditionally agreed to acquire the entire issued share capital of Shenzhen Bio-Agriculture Company Limited (“Shenzhen Bio-Agriculture”), the intermediate holding company of Nongke Group, from Shum Yip Holdings. Further details of the acquisition are set out in the circular of the Company dated 12 May 2014.

The acquisition of Shenzhen Bio-Agriculture was completed on 22 August 2014, which is shortly before the date of approval of the interim condensed consolidated financial statements. It is not practicable to disclose further details of the financial effect of the acquisition in the interim condensed consolidated financial statements.



30. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and operating segment information have been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period.

31. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2014.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the board of directors of Shenzhen Investment Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 2 to 62, which comprise the condensed consolidated statement of financial position of Shenzhen Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2014



CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the first half of 2014, under the effect of a slowdown in economic growth and the rather tight liquidity, China's real estate market stepped into an adjustment period, the real estate transactions had dropped markedly, and house prices had fallen in some cities. Facing the challenging environment, the Group had adhered to the established strategy, put a great effort on sales promotion, implemented its strategic plans, and maintained a healthy financial position.

INTERIM RESULTS AND PAYMENT OF DIVIDENDS

During the period, the Group achieved a turnover of HK\$4,257.6 million, representing a decrease of 13.1% over the same period of last year. Profit for the period attributable to the shareholders was HK\$955.3 million, representing a decrease of 45.4% over the same period of last year. Basic earnings per share was HK17.75 cents, representing a decrease of 59.8% over the same period of last year. The Board resolved to declare an interim dividend of HK3.00 cents per share for 2014, payable in cash.

CONTINUE TO OBTAIN QUALITY LAND RESOURCES, FURTHER IMPLEMENTING THE STRATEGY OF INTENSIFYING THE DEVELOPMENT IN SHENZHEN

During the period, the Group acquired from its parent company a 100% stake in Nongke Group at a price of RMB5.589 billion. Nongke Group owns valuable lands and property assets in Honey Lake area of Futian District of Shenzhen. Nongke Group's core assets, Shumyip Zhongcheng project (also known as Mingren project) is located in the central of Honey Lake, with a gross floor area of 259,300 square meters. It is a planned complex project comprising of residential houses, apartments, offices, commercials and a hotel, which is extremely high quality assets.

Through this asset injection, the Group further optimized the structure of its land bank, improved the quality of its assets, and laid a solid foundation for sustainable growth in future.



CHAIRMAN'S STATEMENT (CONTINUED)

DISPOSAL OF INEFFICIENT ASSETS, ENHANCING STRATEGIC COOPERATION, AND IMPROVING OPERATIONAL EFFICIENCY

During the period, the Group strengthened its implementation effort in disposing its projects in the third and fourth-tier cities, enhanced the strategic cooperation with enterprises such as Shenzhen Metro, continued to improve the cost management and capacity building, strived to accelerate its assets turnover, and to further improve its operational efficiency.

BUSINESS OUTLOOK

Industry prospect

In the first half of 2014, China's real estate market stepped into an adjustment period, the housing prices in some of the third and fourth-tier cities began to decline, while the housing prices in the first-tier cities remained stable. However, the market was amidst a strong "wait-and-see" sentiment and there was an obvious shrinkage in transaction volume. In the second half of the year, the overall situation of the real estate market is not optimistic. The market faces destocking pressure in the short term and industrial adjustment will continue. Nevertheless, we also note signs of loosening control in some cities, and with the introduction of micro stimulus policy, it will improve the liquidity in the second half of the year, all these factors may provide certain opportunities to the market. The Group is fully prepared to cope with the market changes in a timely manner by adopting flexible strategies to develop progressively and steadily.

Accelerating strategic transformation and upgrade

We believe that Shenzhen, being one of the first-tier cities in China, which has a big population base, a low average age and a high level of income, has sufficient rigid demand and upgrading demand and thus is comparatively more resistant to risks arising from the industrial adjustment. The land resources in the first-tier cities are scarce, and the holding value of the quality properties in the core area will be prominent in future. The Group is determined to accelerate its strategic transformation, continual implementation of its strategy of intensifying the development in Shenzhen, continual promotion of the transformation model from "development – sales" to "development – sales – holding" through accelerating the building up of the capacity of various professional platforms and improving the commercial operational capacity of investment properties as well as the operational capacity of assets to achieve a stable and prudent operation.



CHAIRMAN'S STATEMENT (CONTINUED)

Accelerating strategic transformation and upgrade (continued)

During the market adjustment period, the Group emphasizes on cash flow management, on the one hand, to improve the selling rate of housing, and speed up the sale proceeds collection; on the other hand, to revitalize the stocked assets and speed up the capital returns to ensure security of capital and stability of financial position.

Property development and sales

Affecting by the factors such as the real estate market adjustment, our project delivery are mainly scheduled in the second half of the year, and the delay in the sales launch of some industrial properties due to policy issues, the booked revenue on property sales of the Group during the period was lower than the same period of last year. As Shenzhen projects with high gross profit margin contributed less to the revenue booked in the first half of the year, and the Group took initiative to organize promotional activities for the projects in the third and forth-tier cities, both of which had resulted in a decrease in gross profit margin. However, the Group believes that most of the projects, of which with high gross profit margin particularly, will be launched for sale and delivered in the second half of the year, hence the Group's turnover and gross profit margin for the year will improve significantly as compared with the first half of the year.

During the period, the Group actively adjusted its sales strategy, and endeavored to deal with the weak market. The Group recorded a contracted sales of RMB3.17 billion in the first half of the year, achieved around 30% of the annual target. The value of the Group's saleable properties in 2014 is approximately RMB25 billion whereas the sales target for the year is approximately RMB10.5 billion. In the second half of the year, the Group will boost its sales by various ways such as focus on launching for new properties, flexible pricing and mass marketing. The main projects include UpperHills, Jiangyue Bay, Qingshuihe Auto Park, Terra Building and Rui Cheng.

The Group will grasp the pace of development to ensure the completion and delivery of projects such as UpperHills North Apartment and Jiangyue Bay, and speed up the construction progress of Tanglang project and Guanlan project, to ensure sufficient properties available for sale in future.



CHAIRMAN'S STATEMENT (CONTINUED)

Optimizing land reserves

Having given full consideration to the existing development schedules and under the premise of ensuring security of capital, the Group will maintain sustainable development by focusing on land acquisition in Shenzhen, and control the cost on land acquisition continuously. On the other hand, the Group will continuously optimize the structure of its land reserves and the operational efficiency of assets by accelerating the implementation of the disposal of certain projects in the third and fourth-tier cities.

Strengthen strategic cooperation, enhance operation ability

Integration and cooperation has become the trend of real estate industry. The Group will expand its land reserve effectively by strengthening the strategic cooperation with the enterprise which has quality land resources in Shenzhen, such as Shenzhen Metro, with much open attitude. And, in terms of the operation of holding properties, it will consider the cooperation with well-known international real estate groups and investment institutions to strive for mutually beneficial and win-win cooperation.

Financial strategy

The Group will adhere to the consistent principle of maintaining healthy financial position, enhance capital management, endeavour to lower financing costs, ensure a balance of cash flow and improve capital turnover efficiency to provide concrete financial resources protection for its business development.

Corporate prospect

Looking forward, the Group is very confident with the development of the Group. The Group will continue to deepen its strategic transformation, adhere to its strategy of focusing its development in Shenzhen, optimize the structure of its land reserves, focus on both holding and development, improve cost control and operation standard, accelerate the assets turnover, and improve the assets and liabilities and cash flow management. The Group is committed to maximize the value for our shareholders.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

During the period, the Group achieved a turnover of HK\$4,257.6 million, representing a decrease of 13.1% over the same period of last year. Gross profit margin was 24.2%, representing a decrease of 15.5 percentage points. Profit attributable to shareholders was HK\$955.3 million, representing a decrease of 45.4% over the same period of last year. If excluding the net effect of the changes in fair value of investment properties attributable to the Group and the gain on an one-off bargain purchase in last year, profit attributable to shareholders was approximately HK\$447.4 million, representing of a decrease of 41.2% over the same period of last year. Basic earning per share were HK17.75 cents, representing a decrease of 59.8% over the same period of last year.

PROPERTY SALES AND DEVELOPMENT

Affecting by the factors such as the real estate market adjustment, our project delivery are mainly scheduled in the second half of the year, and the delay in sales launch of industrial properties such as Terra Building due to policy issues, during the period, the Group recorded 329,000 square meters in property sales (excluding the interests attributable to the Group from its three principal associates), representing an increase of 28.5% over the same period of last year, and achieved a net revenue from property development of RMB2,344.9 million (equivalent to HK\$2,949.5 million) (net of business tax), representing a decrease of 18.9% over the same period of last year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) PROPERTY SALES AND DEVELOPMENT (CONTINUED)

The prohibition of sales of industrial property to individuals and the requirement for the payment to the Government of a proportion of the disposal gain from industrial property sales pursuant to the Management Measures for Industrial Building Transfer in Shenzhen (the “Measures”) implemented during the period had negative impact on the sales arrangements of the industrial buildings of the Group located in Shenzhen (for example, Terra Building and Qingshuihe Auto Park). The Measures have been revised in 14 August 2014 and the previous negative impact of the Measures on the sales of the Group’s industrial buildings has been generally eliminated after the revision. The Group intends to launch for sale for the unsold premises in the industrial buildings such as Terra Building as soon as possible.

During the period, the gross profit margin in properties sales was 24.0%, representing a decrease of 19.7 percentage points over the same period of last year. The decrease in the gross profit margin was mainly due to the high proportion of projects of the Group with low gross profit margin being booked in the first half of the year while most of the projects with high gross profit margin will be delivered in the second half of the year. As for the revenue booked in the first of the year, the projects in the first-tier cities accounted for 22.7% only (as for the revenue in the same period of 2013, the projects in the first-tier cities accounted for 63.5% approximately). In addition, the promotional activities for the projects in the third and forth-tier cities undertook by the Group in the first half of the year had also affected the level of gross profit margin.

As at the end of June 2014, the unrecognised presale proceeds from properties sales of the Group was approximately HK\$6,817.0 million. The key projects include Shenzhen UpperHills and Guangzhou Jiangyue Bay, and it is expected that most of these projects will be delivered in this year. With some of the projects with high gross profit margin to be delivered in the second half of the year, it is expected that the revenue and the gross profit margin in property sales for the year will be improved significantly as compared with the first half of the year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Table of Property Sales Booked from January to June 2014

Property Name	City	Nature of Land	Sales area (sqm)	Net sales (RMB Million)	Unit price (RMB/sqm)
Wanlin lake Phase 8 & Phase 3 remaining buildings	Huizhou	Residential	29,371	249	8,470
Rui Cheng Phase 1.1 & 1.2a	Changsha	Residential	77,030	341	4,423
Garden Hill Phase 1.1&1.2	Huizhou	Villa	2,048	21	10,015
Garden Hill Phase 1.3	Huizhou	Residential	9,892	45	4,548
European-view Garden	Dongguan	Residential	38,964	235	6,036
Terra Building	Shenzhen	Office buildings	5,438	186	34,204
Nanhu Rose Bay Phase 1 & 2	Wuhan	Shops	121	3	23,978
Nanhu Rose Bay Phase 3.1-3.4	Wuhan	Residential	11,099	100	9,017
Yihu Rose Garden	Chengdu	Residential/Shops	13,058	52	3,991
Purple Kylin Hill Phase 1 & 3	Shenzhen	Residential	3,647	72	19,691
Royal Garden	Shenzhen	Residential	8,997	72	8,012
Noble Times Phrase 1 & 2	Shenzhen	Residential/Shops	14,306	202	14,133
Royal Spring Garden	Dongguan	Car park	73	1	7,344
Shumyip City Phase 1.2	Foshan	Shops	7,029	62	8,785
Shumyip City Phase 1.2 & 2	Foshan	Residential	13,551	94	6,945
Shumyip City	Foshan	Car park	3,686	12	3,246
Yundonghai Phase I Land 2	Foshan	Villa	6,667	70	10,429
Saina Bay Phase 1	Heyuan	Residential	16,241	134	8,301
Shumyip Huafu Phase 1.1 4-6#	Maanshan	Residential	17,228	125	7,281
Others		Residential/ Shops	50,996	269	5,285
Total			329,442	2,345	7,118

During the period, the Group achieved 280,000 square meters in contracted sales area and contracted sales income of RMB3,168 million, representing a decrease of 26.5% over the same period of last year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted Sales from January to June 2014

Project	City	Nature of Land	Accumulated sales area from January to June 2014 (sqm)	Accumulated Sales from January to June 2014 (RMB million)	Pre-sale unit price (RMB/sqm)
UpperHills	Shenzhen	Apartment	7,912	568	71,725
Tianyuxiangshan Garden*	Shenzhen	Residential	4,138	160	38,575
Noble Times	Shenzhen	Residential	3,205	49	16,445
Purple Kylin Hill	Shenzhen	Residential	1,897	47	21,346
Bolong Building (Qingshuihe Project Phase 2)	Shenzhen	Warehouse/ Commercial	1,493	35	23,642
Terra Building	Shenzhen	Industrial (including science and technology parks, warehouse)	5,446	198	36,352
Jinshazhou Project	Guangzhou	Residential	43,508	730	16,772
Nanhu Rose Bay	Wuhan	Residential	13,482	123	9,156
Yihu Rose Garden	Chengdu	Residential	7,970	37	4,669
Rui Cheng	Changsha	Residential	19,336	93	4,786
European Garden	Dongguan	Residential	43,051	327	7,590
Splendid city	Jiangyan	Residential	44,879	174	3,878
Shumyip city	Shunde	Residential	23,469	176	7,501
Garden Hill	Huizhou	Residential	8,648	90	10,380
Wanlin Lake	Huizhou	Residential	30,820	190	6,175
Maanshan Shumyip Phase 1	Maanshan	Residential	13,494	85	6,322
Saina Bay	Heyuan	Residential	6,024	59	9,783
Others		Residential	2,649	27	10,223
Total			281,421	3,168	11,257

During the period, the Group emphasized on cash flow management, paid high attention to the sale proceeds collection and its collection rate maintained at a level of above 90%.

During the period, the Group had a new construction area of approximately 660,000 square meters.

* Tianyuxiangshan Garden is held by Nongke Group, which was acquired by the Group on 22 August 2014 (details of the acquisition are included in note 29 to the interim financial statements).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Table of New Construction Projects From January to June 2014

Item	Project Name	Project Location	Nature of Land	GFA (sqm)	Saleable area (sqm)
1	Shumyip Huafu Phase 3.1	Maanshan	Residential	108,265	107,714
2	Saina Bay Phase 1	Heyuan	Com./Res.	99,932	83,479
3	Garden Hill Phase 3.1	Huizhou	Com./Res.	129,820	129,820
4	Gaobangshan Garden 1 Phase 1	Huizhou	Com./Res.	29,042	28,028
5	Rui Cheng Phase 2.2	Changsha	Com./Res.	73,757	73,757
6	Taizhou Shanglinyuan Phase 1.1	Taizhou	Com./Res.	93,635	91,693
7	Guanlan Rose Garden	Shenzhen	Com./Res.	124,890	107,648
Total				659,341	622,139

ASSET INJECTION AND LAND RESERVES

During the period, the Group acquired from its parent company a 100% stake in Nongke Group at a price of RMB5.589 billion.

Nongke Group is a subsidiary wholly-owned by Shum Yip Holdings, the parent company of the Company. It engages in property development, garden design, and manufacture and sales of agricultural products. Nongke Group owns valuable lands and property assets in Shenzhen downtown, and the property business has become its largest segment. As at the date of this report, a total gross floor area attributable to Nongke Group was around 384,775 square meters (including undeveloped land, investment properties and self-occupied properties).

Mingren project, the core asset owned by Nongke Group, is located in Honey Lake area of Futian District, with a land area of 39,158 square meters and a gross floor area of 259,300 square meters. It is a planned complex project with residential and serviced apartments of 141,185 square meters, offices of 80,547 square meters, hotel of 7,200 square meters, commercial spaces of 20,000 square meters and other facilities. There is an outstanding land premium of RMB3.633 billion in this project, of which, RMB1.189 billion had been paid during the period, and the balance of approximately RMB2.444 billion should be paid before June 2015.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) ASSET INJECTION AND LAND RESERVES (CONTINUED)

The transaction was approved at the extraordinary general meeting of the Company held on 29 May 2014 and was completed on 22 August 2014.

As at the end of June 2014, the Group had a gross floor area of 10.44 million square meters in land reserves with an attributable gross floor area of 9.39 million square meters (excluding the interests attributable to the Group from its three principal associates).

Table of Land Reserves By City Distribution (as at 30 June 2014)

City	Total GFA (sqm)	Attr. GFA (sqm)	Percentage
Shenzhen	2,059,492	1,808,551	20%
Heyuan	1,468,745	1,468,745	14%
Huizhou	1,199,742	1,088,119	11%
Foshan	869,382	869,382	8%
Guangzhou	264,630	264,630	3%
Changzhou	129,466	129,466	1%
Taizhou	1,089,278	1,089,278	10%
Chaohu	102,700	102,700	1%
Maanshan	764,887	764,887	7%
Wuhan	798,942	439,426	8%
Changsha	520,738	483,187	5%
Chengdu	783,800	518,611	8%
Others	384,598	362,838	4%
Total	10,436,400	9,389,820	100%

PROPERTY INVESTMENT

During the period, the Group's property investment business continued to maintain steady growth. The total area of our investment properties was over 900,000 square meters, with an achieved rental income of HK\$303.6 million for the period, representing an increase of approximately 10.2% over the same period of last year. During the period, the Group recorded a revaluation gain in its investment property portfolio of HK\$720.4 million, which had been recorded in profit for the period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OTHER INCOME AND GAINS

During the period, the Group completed the intra-group transfer of equity interests in Shenyang Wuai and the disposal of equity interests in Shum Yip Shumkang, and realised a profit before tax of HK\$297.4 million (including other comprehensive gains benefited from the reclassification), which had been recorded in profit for the period.

JOINT VENTURES

During the period, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) made a net profit contribution of HK\$29.6 million to the Group, representing a decrease of 84.5% over the same period of last year. The principal activity of this company is to provide relevant services to local government in primary land development. The local government had no arrangement on public listing for land parcels during the first half of the year.

ASSOCIATES' RESULTS

During the period, the performance of associates invested by the Group was within expectation. Of which, Shenzhen Tianan Cyber Park (Group) Co. Ltd. made a net profit contribution of HK\$114.2 million to the Group, representing a decrease of 0.6% over the same period of last year. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK\$54.6 million to the Group, representing a decrease of 21.6% over the same period of last year. Coastal Greenland Limited, a listed company in Hong Kong, made a profit of HK\$28.1 million to the Group, as compared to the loss of HK\$32.8 million in the same period of last year.

On 24 January 2014, Coastal Greenland announced a plan to issue 1,395,291,428 open offer shares at a price of HK\$0.25 per open offer share by way of one open share for every two existing shares held by the shareholders. The Company did not take up its entitlements under the open offer. Upon completion of the open offer on 14 March 2014, the equity interest held by the Company in Coastal Greenland decreased from 22.62% as at 31 December 2013 to 15.08%. The loss on deemed disposal of equity interest in Coastal Greenland of HK\$59.2 million was charged to the profit for the period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL POSITION

As at 30 June 2014, the Group's total bank loans and other borrowings amounted to HK\$26,765.9 million, of which HK\$22,370.5 million were floating-rate loans, and the balance were fixed-rate loans. Long-term loans amounted to HK\$14,721.7 million, representing approximately 55.0% of total borrowings, and short-term loans were HK\$12,044.2 million, representing approximately 45.0% of total borrowings. The average finance cost of the Group for the period was 5.5% per annum.

On 25 August 2014, the Group entered into an agreement for a syndicated loan equivalent to US\$756 million for a term of 5 years with certain banks in Hong Kong. The loan bears a preferential interest rate. By entering into the syndicated loan agreement, the Group has successfully completed the refinancing for the syndicated loan which falls due in the second half of the year soon.

As at 30 June 2014, the Group's cash balance (including pledged deposits and restricted cash) was HK\$8,745.9 million, of which approximately 74.8% and 25.2% were denominated in Renminbi and other currencies (mainly in US\$ and HK\$) respectively. As the Group's main operating cash inflow was denominated in Renminbi, while the assets held and debts committed are mainly stated in Renminbi and US\$ unit, therefore the Renminbi exchange rate fluctuations will not have significant impact on the Group in short run.

As at 30 June 2014, the Group had net assets (excluding non-controlling equity interests) of HK\$25,172.4 million. The net gearing ratio (with the liabilities including bank loans and other borrowings only) was 71.6% and the net gearing ratio (with the liabilities including shareholders' loan from the parent company and all other interest-bearing debts) was 91.0%. The gross gearing ratio (the ratio of total liabilities over total assets) was 65.5%.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) FINANCIAL POSITION (CONTINUED)

Table of Financial Position

HK\$ million	30 June 2014	31 December 2013
Bank loans and other borrowings	26,765.9	24,289.4
Long-term debts	14,721.7	12,167.5
Short-term debts	12,044.2	12,121.9
Floating-rate debts	22,370.5	21,297.9
Cash (including pledged deposits and restricted cash)	8,745.9	7,478.3
The net gearing ratio with the liabilities including bank loans and other borrowings only	71.6%	66.3%
The net gearing ratio with the liabilities including all the liabilities carrying interest	91.0%	87.3%

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES POSITION

As at 30 June 2014, the Group had a total loans of HK\$3,978.7 million that were pledged with assets. (For details, please refer to note 19 to the financial statements).

As at 30 June 2014, the Group provided guarantees of not exceeding HK\$2,173.7 million to banks for housing loans extended by the banks to the purchasers on the Group's properties. (For details, please refer to note 26 to the financial statements).

SHARE CAPITAL STRUCTURE

As at 30 June 2014, Shum Yip Holdings Company Limited, the parent company of the Company, was interested in approximately 60.57% of the Company.

During the period, a total of 1,472,400 share options were exercised at the exercise price of HK\$2.39. During the period, the Company did not buy-back any of its shares.

As at 30 June 2014, the number of shares in issue of the Company was 5,382,527,705 shares (31 December 2013: 5,381,055,305 shares).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) SHARE CAPITAL STRUCTURE (CONTINUED)

On 28 January 2014, the Company granted a total of 123,134,000 share options to certain directors, officers and employees of the Group and its subsidiaries. The respective share options shall be exercisable at an exercise price of HK\$2.85 per share for the period from the expiry of 2 years from the grant date and up to 5 years from the grant date on pro-rata basis and subject to the performance review.

EMPLOYEES AND REMUNERATION

As at 30 June 2014, the Group employed 15,338 employees, of which 35 were stationed in Hong Kong (mainly managerial and finance-related personnel), and the rest were in China.

Employee benefits include salaries, allowances, medical insurance and mandatory retirement contributions. The Group also award bonuses and grant share options under the share option scheme of the Group, to employees based on individual performance and the results of the Group.



DIRECTORS' INTERESTS IN SHARES

As at 30 June 2014, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests in short positions which were taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) adopted by the Company were as follows:

Long positions in the shares of the Company (“Shares”) and underlying shares of the Company:

Name of director	Capacity	Number of Shares	Underlying shares pursuant to share options	Aggregate interests	Percentage to Shares in issue
LU Hua	Beneficial owner	1,093,895	13,404,000	14,497,895	0.27
GAO Shengyuan	Beneficial owner	–	8,560,000	8,560,000	0.16
MOU Yong	Beneficial owner	–	9,262,000	9,262,000	0.17
LIU Chong	Beneficial owner	–	9,262,000	9,262,000	0.17
WU Jiesi	Beneficial owner	3,400,000	–	3,400,000	0.06
LI Wai Keung	Beneficial owner	1,131,866	–	1,131,866	0.02

Note: The percentage was calculated based on 5,382,527,705 Shares in issue as at 30 June 2014.



SHARE OPTIONS

Details of the Old Scheme and the New Scheme are set out in note 21 to the financial statements.

The following share options were outstanding under the Old Scheme and the New Scheme during the period are set out below:

	Number of share options						At 30 June 2014	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Other changes during the period				
Directors										
LU Hua	4,016,000	-	-	-	-	-	4,016,000	19/7/2010	19/7/2012- 18/7/2015*	2.39
	1,558,000	-	-	-	-	-	1,558,000	10/4/2013	19/7/2014- 18/7/2015	3.16
	-	7,830,000	-	-	-	-	7,830,000	28/1/2014	28/1/2016- 27/1/2019**	2.85
GAO Shengyuan	1,120,000	-	-	-	-	-	1,120,000	10/4/2013	19/7/2014- 18/7/2015	3.16
	-	7,440,000	-	-	-	-	7,440,000	28/1/2014	28/1/2016- 27/1/2019**	2.85
MOU Yong	4,016,000	-	-	-	-	-	4,016,000	19/7/2010	19/7/2012- 18/7/2015*	2.39
	-	5,246,000	-	-	-	-	5,246,000	28/1/2014	28/1/2016- 27/1/2019**	2.85
LIU Chong	4,016,000	-	-	-	-	-	4,016,000	19/7/2010	19/7/2012- 18/7/2015*	2.39
	-	5,246,000	-	-	-	-	5,246,000	28/1/2014	28/1/2016- 27/1/2019**	2.85
	14,726,000	25,762,000	-	-	-	-	40,488,000			
Other employees										
In aggregate	45,247,109	-	(1,472,400)	-	-	-	43,774,709	19/7/2010	19/7/2012- 18/7/2015*	2.39
	8,374,000	-	-	-	-	-	8,374,000	10/4/2013	19/7/2014- 18/7/2015	3.16
	-	97,372,000	-	-	-	-	97,372,000	28/1/2014	28/1/2016- 27/1/2019**	2.85
	53,621,109	97,372,000	(1,472,400)	-	-	-	149,520,709			
	68,347,109	123,134,000	(1,472,400)	-	-	-	190,008,709			



SHARE OPTIONS (CONTINUED)

* Options will be exercisable in the following manner and subject to performance review:

Maximum percentage of Share Option exercisable	Period for exercise of the relevant percentage of the Share Option
40%	at any time after the expiry of 2 years from the Date of Grant up to 3 years from the Date of Grant
70%	at any time after the expiry of 3 years from the Date of Grant up to 4 years from the Date of Grant
100%	at any time after the expiry of 4 years from the Date of Grant up to 5 years from the Date of Grant

** Options will be exercisable in the following manner and subject to performance review:

Maximum percentage of Share Option exercisable	Period for exercise of the relevant percentage of the Share Option
40%	at any time after the expiry of 2 years from the Offer Date up to 3 years from the Offer Date
70%	at any time after the expiry of 3 years from the Offer Date up to 4 years from the Offer Date
100%	at any time after the expiry of 4 years from the Offer Date up to 5 years from the Offer Date

Notes:

1. During the period, 123,134,000 options were granted under the New Scheme and 1,472,400 Shares were exercised under the Old Scheme.
2. During the period, no option were cancelled and lapsed under the Old Scheme and the New Scheme.
3. The closing share price on 27 January 2014 was HK\$2.70 per share which was immediately before the date on such options were granted.



SHARE OPTIONS (CONTINUED)

Save as disclosed above, none of the directors and chief executive of the Company had, as at 30 June 2014, any interests or short positions in any Shares and underlying shares or debentures of the Company or any of its associated corporations (which the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests in short positions which were taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or its associated corporations and none of the directors, or their spouse or children under the age of 18, had any rights to subscribe for equity or debt securities of the Company or its associated corporations, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 30 June 2014, the interests and short positions of the shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Interest in shares of the Company:

Name	Capacity	Number of Shares		Percentage to Shares in issue (Note 3)
		Long Position	Short Position	
Shum Yip Group Limited *	Interest in controlled corporation	3,260,164,941 (Note 1)	–	60.57
Shum Yip Holdings Company Limited	Beneficial owner	3,201,897,812 (Note 2)	–	59.49
	Interest in controlled corporation	58,267,129 (Note 2)	–	1.08



SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

1. Shum Yip Group Limited * is deemed interested in 3,260,164,941 Shares by virtue of the fact that Shum Yip Holdings Company Limited ("SYH") is a direct wholly-owned subsidiary of Shum Yip Group Limited *.
2. SYH beneficially owns 3,260,164,941 Shares, of which, 58,267,129 Shares were held by Goldclass Industrial Limited ("Goldclass"). Goldclass is wholly-owned by Successful Years Holdings Limited, which is wholly-owned by Shum Yip Finance Company Limited ("SYF"). SYF is a wholly-owned subsidiary of SYH and as a result, SYH is deemed interested in 58,267,129 Shares.
3. The percentage was calculated based on 5,382,527,705 Shares in issue as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

* Translation for identification purpose only

INTERIM DIVIDEND

At the meeting of the Board of the Company held on 27 August 2014, the Board resolved to declare an interim dividend of HK3.00 cents per share for the six months ended 30 June 2014 (2013: HK7.00 cents) payable on or about Monday, 13 October 2014 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 16 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 15 September 2014, to Tuesday, 16 September 2014 (both dates inclusive), during which period no transfers of shares will be registered, and will reopen on Wednesday, 17 September 2014. In order to qualify for the interim dividend, all duly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 12 September 2014.



CORPORATE GOVERNANCE

The Board and management are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability.

Save as disclosed below, the Company has adopted the Corporate Governance Code (“Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and complied with all code provisions of the Code throughout the period.

In respect of code provision E.1.2 that our Chairman, Mr. LU Hua did not attend the annual general meeting of the Company held on 19 June 2014 with apology due to other business commitment but our President, Mr. GAO Shengyuan chaired the meeting in his absence.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar, David. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2014 and the Interim Report 2014.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code.



UPDATE ON DIRECTORS' INFORMATION

Mr. GAO Shengyuan was appointed as a non-executive director of Road King Infrastructure Limited (1098.hk) on 24 May 2014.

Mr. LIU Chong resigned as an independent director of Shenzhen Shenxin Taifeng Group Co., Ltd (000034.SZ) on 24 February 2014.

Dr. WU Jiesi resigned as an independent director of China Merchants Securities Co., Ltd (600999.SH) on 8 August 2014.

Mr. LI Wai Keung was appointed as an executive vice president of Hong Kong Business Accountants Association Limited on June 2014.

Dr. WONG Yau Kar David was appointed as an independent non-executive director of Sinopec Kantons Holdings Limited (934.hk) on 31 March 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Banking facilities with covenants relation to specific performance of the controlling shareholder:

By an agreement ("1st Facility Agreement") dated 28 September 2010 entered into between, among others, the Company as borrower and a syndicate of lenders ("Lenders"), a transferable term loan facility of up to US\$400 million ("1st Facility") is made available by the Lenders to the Company on the terms and conditions as stated therein. The 1st Facility will be made available to the Company within 6 months from the date of the 1st Facility Agreement and the Company shall repay to the Lenders in full any outstanding advances made thereunder on the date falling 48 months from the date of the 1st Facility Agreement.



CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES (CONTINUED)

By an agreement (“2nd Facility Agreement”) dated 16 September 2011 entered into between the Company as borrower and a syndicate of lenders, a US\$209 million transferable term loan facility and a HK\$1,026 million transferable term loan facility (“2nd Facilities”) were provided to the Company on the terms and conditions as stated therein. The 2nd Facilities shall be repaid by the Company in instalments with the last repayment date falling 48 months from the date of the 2nd Facility Agreement.

By a letter (“3rd Facility Agreement”) dated 17 October 2011 entered into between the Company as borrower and a bank, a HK\$600 million term loan facility and a CNY200 million term loan facility, which aggregate amount shall not exceed HK\$800 million (“3rd Facility”) was provided to the Company on the terms and conditions as stated therein. The 3rd Facility shall be repaid by the Company in instalments with the last repayment date falling 36 months from the date of the 3rd Facility Agreement. The 3rd Facility has been fully repaid on 22 August 2014.

By an agreement (“4th Facility Agreement”) dated 21 June 2012 entered into between the Company as borrower and a bank, a HK\$200 million transferable term loan facility (“4th Facility”) was provided to the Company. The 4th Facility shall be repaid by the Company in one lump sum on the date falling 36 months from the date of the 4th Facility Agreement.

By an agreement (“5th Facility Agreement”) dated 25 June 2013 entered into between the Company as borrower and a bank, a HK\$300 million (or its equivalent in US dollars) transferable term loan facility (“5th Facility”) was provided to the Company. The 5th Facility shall be repaid by the Company in one lump sum on the date falling 36 months from the first drawdown date.



CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES (CONTINUED)

By an agreement (“6th Facility Agreement”) dated 9 October 2013 entered into between the Company as borrower and certain banks, up to a principal amount of US\$235 million (or equivalent to approximately HK\$1,833 million) transferable term loan facility and up to a principal amount of HK\$1,654 million transferable term loan facility (“6th Facility”) was provided to the Company. The 6th Facility shall be repaid by the Company in four instalments of various percentages of the total amount of borrowings, with all outstanding amount shall be fully repaid on the date falling 60 months from the date of the 6th Facility Agreement.

By an agreement (“7th Facility Agreement”, together with the 1st Facility Agreement, 2nd Facility Agreement, 3rd Facility Agreement, 4th Facility Agreement, 5th Facility Agreement and 6th Facility Agreement collectively known as the “Facility Agreements”) dated 25 August 2014 entered into between the Company as borrower and certain banks, up to principal amount of US\$435 million (equivalent to approximately HK\$3,393 million) transferable term loan facility and up to a principal amount of HK\$2,510 million transferable term loan facility (7th Facility) was provided to the Company. The 7th Facility shall be repaid by the Company in three instalments of various percentages of the total amount of borrowings, with all outstanding amount shall be fully repaid on the date falling 60 months from the date of the 7th Facility Agreement.

Under the Facility Agreements, it will be an event of default if Shum Yip Holdings ceases to own beneficially at least 35% of the issued share capital of the Company, ceases to be the single largest shareholder of the Company, ceases to have management control of the Company, or ceases to remain beneficially owned as to at least 51% by the Shenzhen Municipal People’s Government of the People’s Republic of China and in which any default event occurs, all amounts due under the facilities may be declared to be immediately due and payable.



APPRECIATION

It is the Board's privilege to express our gratitude to our investors and shareholders for their trust and support and to offer our heartfelt thanks to all directors, executives and staff members in the Group for their team spirit and loyalty.

On behalf of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 27 August 2014



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