深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 604)

2014 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue up 41.4% to HK$13,827.1 million; Profit for the year attributable to owners of the parent up14.3% to HK$3,131.3 million;

- At the end of August 2014, successfully had Shenzhen Nongke Holdings Company Limited under its control by acquiring from its parent company a 100% stake in Shenzhen Bio-Agriculture Company Limited, to further optimize its land reserves and enhance its product quality;

- Net gearing ratio (the liabilities including bank loans and other borrowings only) decreased to 64.7% by 1.6 percentage point, the average cost of bank loans and other borrowings is 5.5%;

- Proposed final dividend at HK13.00 cents per share, with an annual payout ratio of 29.8%; and

- Contracted sales amounted to RMB7.4 billion in 2014, with a target contracted sales of RMB11 billion for 2015.

The Board of Directors (the "Board") of Shenzhen Investment Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CONTINUING OPERATIONS			
REVENUE	4	**13,827,105**	9,778,807
Cost of sales		**(9,754,161)**	(6,177,192)
Gross profit		**4,072,944**	3,601,615
Other income and gains	4	**2,449,129**	1,611,207
Increase in fair value of equity investments at fair value through profit or loss, net		**(1,522)**	715
Increase in fair value of investment properties		**764,085**	624,046
Recognition of change in fair value of completed properties held for sale upon transfer to investment properties		**846,820**	–
Selling and distribution expenses		**(412,084)**	(254,882)
Administrative expenses		**(1,000,185)**	(736,505)
Other expenses		**(820,054)**	(184,606)
Finance costs	6	**(742,762)**	(635,535)
Share of profits and losses of:			
Joint ventures		**46,484**	219,169
Associates		**650,117**	831,933
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**5,852,972**	5,077,157
Income tax expense	7	**(2,348,878)**	(1,976,197)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**3,504,094**	3,100,960
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**1,947**	10,029
PROFIT FOR THE YEAR		**3,506,041**	3,110,989

	Note	**2014**	2013
		HK$'000	*HK$'000*
Attributable to:			
Owners of the parent		**3,131,316**	2,738,432
Non-controlling interests		**374,725**	372,557
		3,506,041	3,110,989
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– For profit for the year		**HK53.62 cents**	HK58.97 cents
– For profit from continuing operations		**HK53.62 cents**	HK58.85 cents
Diluted			
– For profit for the year		**HK53.60 cents**	HK58.55 cents
– For profit from continuing operations		**HK53.60 cents**	HK58.44 cents

Details of the dividends payable and proposed for the year are disclosed in note 8 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**3,506,041**	3,110,989
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**29,688**	(6,436)
Income tax effect	**(4,252)**	1,609
	25,436	(4,827)
Share of other comprehensive (loss)/income of associates	**(55,986)**	135,100
Exchange differences on translation of foreign operations	**(823,940)**	572,268
Exchange fluctuation reserve released upon disposal of a subsidiary and deemed disposal of equity interest in an associate	**(131,230)**	–
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(985,720)**	702,541
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of property, plant and equipment	**242,536**	–
Income tax effect	**(60,634)**	–
	181,902	–
Share of other comprehensive income of associates	**1,640**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**183,542**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(802,178)**	702,541
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,703,863**	3,813,530
Attributable to:		
Owners of the parent	**2,350,324**	3,391,987
Non-controlling interests	**353,539**	421,543
	2,703,863	3,813,530

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	**31 December 2014** *HK$'000*	31 December 2013 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,240,502**	2,697,625
Prepaid land lease payments		**43,237**	45,463
Goodwill		**322,765**	322,856
Investment properties		**20,018,594**	15,299,549
Investments in associates		**6,134,980**	5,929,954
Investments in joint ventures		**1,904,139**	343,719
Available-for-sale investments		**140,471**	39,790
Other long term assets		**1,793,370**	1,584,056
Deferred tax assets		**1,213,842**	892,725
Breeding biological assets		**7,200**	–
Pledged deposits		**–**	17,277
Total non-current assets		**34,819,100**	27,173,014
CURRENT ASSETS			
Inventories		**136,448**	125,974
Completed properties held for sale		**14,708,217**	8,434,699
Properties under development		**30,794,948**	28,356,871
Trading biological assets		**10,188**	–
Trade receivables	*10*	**714,764**	416,122
Prepayments, deposits and other receivables		**3,660,743**	4,117,358
Equity investments at fair value through profit or loss		**3,116**	11,011
Pledged deposits		**31,228**	13,594
Restricted cash		**1,250,679**	913,383
Cash and cash equivalents		**8,375,476**	6,534,049
		59,685,807	48,923,061
Assets of a disposal group classified as held for sale		**–**	795,450
Total current assets		**59,685,807**	49,718,511

	Notes	**31 December 2014** **HK$'000**	31 December 2013 HK$'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**12,057,310**	12,121,869
Trade payables	*11*	**4,314,398**	1,028,975
Other payables and accruals		**9,975,943**	10,134,523
Due to the immediate holding company		**51,171**	31,446
Due to the ultimate holding company		**3,054,840**	3,898,268
Tax payable		**5,389,732**	3,177,118
		34,843,394	30,392,199
Liabilities directly associated with the assets classified as held for sale		**–**	424,363
Total current liabilities		**34,843,394**	30,816,562
NET CURRENT ASSETS		**24,842,413**	18,901,949
TOTAL ASSETS LESS CURRENT LIABILITIES		**59,661,513**	46,074,963
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**17,341,508**	12,167,504
Due to the immediate holding company		**323,208**	–
Due to the ultimate holding company		**1,412,597**	1,221,024
Deferred income		**28,183**	–
Deferred tax liabilities		**7,782,382**	5,107,089
Total non-current liabilities		**26,887,878**	18,495,617
Net assets		**32,773,635**	27,579,346
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value		**–**	269,053
Other statutory capital reserves		**–**	10,966,253
Share capital and other statutory capital reserves		**14,564,800**	11,235,306
Other reserves		**15,065,773**	13,456,778
Proposed final dividend	*8*	**865,287**	645,727
		30,495,860	25,337,811
Non-controlling interests		**2,277,775**	2,241,535
Total equity		**32,773,635**	27,579,346

1. CORPORATE INFORMATION

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.

During the year, the Group were involved in the following principal activities:

– Property development
– Property investment
– Property management
– Manufacturing and sale of industrial and commercial products

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 Company 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 Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, certain buildings classified as property, plant and equipment and equity investments, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretations for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in Annual Improvements 2010 – 2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010 – 2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010 – 2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011 – 2013 Cycle	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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 operations, manufacture and sale of aluminum alloy products and agricultural products, design and construction of gardens 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 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 and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank 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.

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.

Year ended 31 December 2014	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacture HK$'000	Others HK$'000	Total HK$'000
Segment revenue:						
Sales to customers	**10,938,147**	**681,151**	**1,211,043**	**432,899**	**563,865**	**13,827,105**
Intersegment sales	**–**	**5,622**	**15,839**	**–**	**111,376**	**132,837**
	10,938,147	**686,773**	**1,226,882**	**432,899**	**675,241**	**13,959,942**
Reconciliation						
Elimination of intersegment sales						**(132,837)**
Revenue						**13,827,105**
Segment results before increase in fair value of investment properties	**2,460,309**	**507,624**	**55,922**	**1,256**	**(9,245)**	**3,015,866**
Increase in fair value of investment properties	**–**	**764,085**	**–**	**–**	**–**	**764,085**
Recognition of change in fair value of completed properties held for sale upon transfer to investment properties	**–**	**846,820**	**–**	**–**	**–**	**846,820**

Year ended 31 December 2014	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacture *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment results after increase in fair value of investment properties	**2,460,309**	**2,118,529**	**55,922**	**1,256**	**(9,245)**	**4,626,771**
Reconciliation						
Elimination of intersegment results						**(45,944)**
Finance income						**768,649**
Dividend income and unallocated gains						**40,207**
Gain on a bargain purchase *(note 16)*						**1,069,722**
Gains on disposal of subsidiaries *(note 17)*						**395,704**
Loss on deemed disposal of equity interest in an associate						**(59,225)**
Fair value loss on financial instruments, net						**(1,522)**
Corporate and other unallocated expenses						**(198,628)**
Finance costs						**(742,762)**
Profit before tax						**5,852,972**
Segment assets	**56,089,928**	**22,736,199**	**160,784**	**172,823**	**4,331,038**	**83,490,772**
Reconciliation						
Corporate and other unallocated assets						**11,014,135**
Total assets						**94,504,907**
Segment liabilities	**15,395,207**	**1,850,390**	**486,945**	**39,575**	**944,574**	**18,716,691**
Reconciliation						
Corporate and other unallocated liabilities						**43,014,581**
Total liabilities						**61,731,272**
Other segment information:						
Depreciation	**34,317**	**13,805**	**12,256**	**12,242**	**76,829**	**149,449**
Amortisation of prepaid land lease payments	**–**	**–**	**–**	**–**	**1,600**	**1,600**
Share of profits and losses of associates	**464,342**	**151,525**	**6,244**	**–**	**28,006**	**650,117**
Share of profits and losses of joint ventures	**(6,299)**	**–**	**–**	**–**	**52,783**	**46,484**
Impairment of an investment in an associate	**149,000**	**–**	**–**	**–**	**–**	**149,000**
Impairment of properties under development	**287,893**	**–**	**–**	**–**	**–**	**287,893**
Impairment of completed properties held for sale	**169,472**	**–**	**–**	**–**	**–**	**169,472**
Loss on deemed disposal of equity interest in an associate	**59,225**	**–**	**–**	**–**	**–**	**59,225**
Investments in associates	**5,832,837**	**85,552**	**19,368**	**15,133**	**181,090**	**6,133,980**
Investments in joint ventures	**1,625,678**	**–**	**–**	**–**	**278,461**	**1,904,139**
Capital expenditure*	**16,767,989**	**521,955**	**10,674**	**6,833**	**15,725**	**17,323,176**

* Capital expenditure consists of additions to property, plant and equipment, investment properties, properties under development and completed properties held for sale including assets from the acquisition of a subsidiary.

Year ended 31 December 2013	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacture *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to customers	7,204,917	547,859	1,110,636	354,927	560,468	9,778,807
Intersegment sales	–	6,023	5,608	–	209,686	221,317
	7,204,917	553,882	1,116,244	354,927	770,154	10,000,124
Reconciliation						
Elimination of intersegment sales						(221,317)
Revenue from continuing operations						9,778,807
Segment results before increase in fair value of investment properties	3,259,015	582,417	30,237	11,641	265,943	4,149,253
Increase in fair value of investment properties	–	624,046	–	–	–	624,046
Segment results after increase in fair value of investment properties	3,259,015	1,206,463	30,237	11,641	265,943	4,773,299
Reconciliation						
Elimination of intersegment results						(30,282)
Finance income						446,186
Dividend income and unallocated gains						20,095
Gain on bargain purchases						637,945
Fair value gains of the financial instruments, net						715
Corporate and other unallocated expenses						(135,266)
Finance costs						(635,535)
Profit before tax from continuing operations						5,077,157
Segment assets	44,357,392	18,921,005	142,511	170,647	4,077,519	67,669,074
Reconciliation						
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
Reconciliation						
Corporate and other unallocated liabilities						32,832,410
Liabilities related to a discontinued operation						424,363
Total liabilities						49,312,179

Year ended 31 December 2013	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacture HK$'000	Others HK$'000	Total HK$'000
Other segment information:						
Depreciation	27,838	10,539	11,434	6,076	67,485	123,372
Amortisation of prepaid land lease payments	–	–	–	–	1,521	1,521
Share of profits and losses of associates	659,540	133,319	5,968	–	33,106	831,933
Share of profits and losses of joint ventures	–	–	–	–	219,169	219,169
Impairment of an investment in an associate	96,000	–	–	–	–	96,000
Investments in associates	5,636,740	82,303	18,264	15,133	177,514	5,929,954
Investments in joint ventures	63,595	–	–	–	280,124	343,719
Capital expenditure *	18,313,156	5,723,203	17,868	4,176	1,128,314	25,186,717

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents proceeds from the sale of properties, commercial and industrial goods, rental income, management fee income, income from transportation and others.

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

	2014 ***HK$'000***	2013 *HK$'000*
Revenue		
Sale of properties	**10,938,147**	7,204,917
Gross management fee income	**1,211,043**	1,110,636
Gross rental income from investment properties	**681,151**	547,859
Sale of commercial and industrial goods	**432,899**	354,927
Others	**563,865**	560,468
	13,827,105	9,778,807
Other income		
Bank interest income	**80,878**	80,466
Interest income from:		
Joint ventures	**399,795**	363,676
A non-controlling shareholder of a subsidiary	**–**	2,044
Finance income from independent third parties	**287,809**	–
Estate agency fee income from a fellow subsidiary	**9,220**	70,220
Others	**129,685**	321,147
	907,387	837,553

	2014	2013
	HK$'000	*HK$'000*
Gains		
Gain on disposal of a held-for-trading investment	**1,109**	–
Gain on disposal of items of property, plant and equipment	**11,523**	730
Gain on disposal of investment properties	**63,684**	134,979
Gain on a bargain purchase (note 16)	**1,069,722**	637,945
Gain on disposal of subsidiaries (note 17)	**395,704**	–
	1,541,742	773,654
Other income and gains	**2,449,129**	1,611,207

5. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
Cost of properties and inventories sold	**7,895,780**	4,620,028
Cost of services provided	**1,858,381**	1,557,164
Auditors' remuneration	**5,250**	5,250
Depreciation	**149,449**	123,372
Impairment of trade receivables	**32**	87
Reversal of impairment of trade receivables	**(86)**	–
Impairment of other receivables	**13,170**	1,093
Impairment of an investment in an associate*	**149,000**	96,000
Impairment of properties under development*	**287,893**	–
Impairment of completed properties held for sale*	**169,472**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**98,852**	95,159
Minimum lease payments under operating leases in respect of land and buildings	**4,626**	7,424
Amortisation of prepaid land lease payments	**1,600**	1,521
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**860,336**	759,984
Equity-settled share option expense	**18,020**	2,325
Pension scheme contributions	**120,341**	104,771
Less: Amount capitalised	**(25,754)**	(31,431)
Net: Pension scheme contributions	**94,587**	73,340
	972,943	835,649

	2014	2013
	HK$'000	*HK$'000*
Foreign exchange differences, net	**5,625**	8,369
Rental income on investment properties less direct operating expenses of HK$98,852,000 (2013: HK$95,159,000)	**(582,299)**	(452,700)
Changes in fair value of contingent consideration payable to the immediate holding company	**7,246**	–
Gain on disposal of subsidiaries (note 17)	**(395,704)**	–
Gain on disposal of items of property, plant and equipment	**(11,523)**	(730)
Gain on a bargain purchase (note 16)	**(1,069,722)**	(637,945)
Gain on disposal of investment properties	**(63,684)**	(134,979)
Loss on deemed disposal of equity interest in an associate*	**59,225**	–

* The impairment of an investment in an associate, properties under development and completed properties held for sale and loss on deemed disposal of equity interest in an associate are included in "Other expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**1,455,878**	1,176,329
Other borrowings	**53,205**	97,015
Loans from the ultimate holding company	**316,378**	263,535
Loans from fellow subsidiaries	**16,976**	30,083
Loans from non-controlling shareholders	**7,146**	9,469
Total interest expense on financial liabilities not at fair value through profit or loss	**1,849,583**	1,576,431
Less: Interest capitalised	**(1,106,821)**	(940,896)
	742,762	635,535

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (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 LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of HK$1,036,771,000 is charged to the consolidated statement of profit or loss for the year (2013: HK$1,072,851,000).

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Mainland China	**1,060,943**	913,760
LAT in Mainland China	**1,036,771**	1,072,851
Deferred Mainland China corporate income tax	**251,164**	(10,414)
Total tax charge for the year	**2,348,878**	1,976,197

The share of taxes attributable to associates amounting to HK$636,362,000 (2013: HK$628,839,000) are included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim – HK3.00 cents (2013: HK7.00 cents) per ordinary share	**199,682**	371,160
Proposed final dividend of HK13.00 cents (2013: final dividend of HK12.00 cents) per ordinary share	**865,287**	645,727
	1,064,969	1,016,887

On 26 March 2015, the board of directors proposed a final dividend of HK13.00 cents per share for the year ended 31 December 2014 (Year ended 31 December 2013: HK12.00 cents per share). The proposed final dividend will be paid in cash but shareholders will be given the option of receiving such dividend wholly in new fully paid share(s) of the Company ("scrip shares") in lieu of cash, or partly in cash and partly in the form of scrip shares.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,839,586,236 (2013: 4,643,891,403) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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.

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

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations		
From continuing operations	**3,129,758**	2,733,154
From a discontinued operation	**1,558**	5,278
	3,131,316	2,738,432

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,839,586,236**	4,643,891,403
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,974,878**	33,077,079
	5,841,561,114	4,676,968,482

10. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**749,058**	446,222
Impairment	**(34,294)**	(30,100)
	714,764	416,122

Under normal circumstances, the Group does not grant any credit terms to its customers for the sale of properties. 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:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**699,534**	407,207
One to two years	**15,230**	8,915
	714,764	416,122

11. 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:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**3,786,075**	948,763
One to two years	**481,171**	39,465
Two to three years	**8,183**	1,337
Over three years	**38,969**	39,410
	4,314,398	1,028,975

The trade payables are non-interest-bearing.

12. PLEDGE OF ASSETS

Bank loans amounting to HK$4,359,851,000 (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$1,104,045,000 (2013: HK$879,033,000);

(ii) certain of the Group's completed properties held for sale with a net book value of approximately HK$16,419,000 (2013: Nil);

(iii) certain of the Group's properties under development with a net book value of approximately HK$1,962,590,000 (2013: HK$1,826,242,000);

(iv) certain of the Group's investment properties with a net book value of approximately HK$5,758,608,000 (2013: HK$4,157,621,000); and

(v) certain of the Group's bank deposits with a net book value of HK$31,228,000 (2013: HK$30,871,000).

In addition, Shum Yip Group, the ultimate holding company, has guaranteed certain of the Group's bank loans of HK$3,747,300,000 as at 31 December 2014 (2013: HK$3,179,750,000).

13. CAPITAL COMMITMENTS

The Group and the Company had the following commitments at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	**7,347,594**	6,566,422
Authorised, but not contracted for	**28,545**	39,534
	7,376,139	6,605,956

14. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

(i) As at 31 December 2014, the Group has given guarantees to a maximum extent of approximately HK$2,359,519,000 (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 after 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.

(ii) On 12 September 2014, Shum Yip Terra (Holdings) Company Limited ("Terra Company"), a 75.05% owned subsidiary of the Company, and its wholly-owned subsidiary, Wuhan Shum Yip Terra Property Development Company Limited ("Wuhan Terra Company"), received a notification for the appointment of defender/application for legal aid during the prosecution review phase from The People's Procuratorate of Jianli County of Hubei Province (the "People's Procuratorate"), informing Terra Company and Wuhan Terra Company that materials in respect of the suspected corporate offence of bribery on both of them have been transferred to the Public Prosecution Bureau of the Procuratorate for prosecution review. The People's Procuratorate considers that there were violations of the relevant regulations in the procedures in respect of a land transaction involved by Wuhan Terra Company which has caused a loss of stated-owned land income, and the loss in the amount of approximately RMB316 million should be recovered from Terra Company. The People's Procuratorate has seized certain bank accounts of Wuhan Terra Company and Terra Company. Further details of the matter are set out in the announcement of the Company dated 18 September 2014.

As at 31 December 2014, the balance of the seized bank accounts of Wuhan Terra Company and Terra Company amounted RMB196.0 million and RMB79.5 million, respectively. At the date of this announcement, Terra Company and Wuhan Terra Company have not yet received any notification from the court regarding the prosecution filed by the People's Procuratorate.

15. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the year:

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Shum Yip Group, the ultimate holding company:			
– Interest expense	*(i)*	**316,378**	263,535
– Management fee income	*(ii)*	**1,097**	–
Shum Yip Holdings Company Limited, the immediate holding company:			
– Rental expenses paid	*(iii)*	**6,004**	4,742
Associates:			
– Sales of products	*(iv)*	**228,377**	50,884
Fellow subsidiaries:			
– Sales of properties		**–**	341,484
– Interest expenses *(note 6)*	*(i)*	**16,976**	30,083
– Estate agency fee income	*(v)*	**9,220**	70,220
– Management fee income	*(vi)*	**1,312**	–
Joint ventures			
– Interest income *(note 4)*		**399,795**	363,676
Non-controlling shareholders			
– interest expenses	*(i)*	**7,910**	9,469
– Interest income		**–**	2,044

Notes:

(i) Interest expenses were calculated for the amounts which the Group had borrowed from Shum Yip Group, certain fellow subsidiaries and certain non-controlling shareholders. The interest rates charged for the balances ranged from the one-year benchmark lending rate of the People's Bank of China to 9.9% per annum.

(ii) Pursuant to the relevant agreements entered into between Nongke and Shum Yip Group on 27 January 2014, Shum Yip Group appointed Nongke to provide management services on its behalf in respect of (a) certain agricultural lands and related assets, and (b) the implementation plan of a property development project. Further details are set out in the circular of the Company dated 12 May 2014. Management fee income in respect of the management services as abovementioned of HK$677,000 and HK$420,000, respectively, was charged to Shum Yip Group for the period from 22 August 2014 (the acquisition date of Shenzhen Bio-Agriculture) to 31 December 2014.

(iii) The rentals were recognised at prices based on mutual agreement between the parties.

(iv) The sales to the associates were made according to the published prices and conditions offered to the major customers of the Group.

(v) The estate agency fee income from a fellow subsidiary was charged at prices based on mutual agreement between the parties.

(vi) The management fee income from a fellow subsidiary was charged at prices based on mutual agreement.

(vii) 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.

16. BUSINESS COMBINATION

On 27 January 2014, the Group entered into an acquisition agreement (the "Acquisition Agreement") with Shum Yip Holdings, Shum Yip Group and Nongke to acquire the 100% equity interest in Shenzhen Bio-Agriculture Company Limited (the "Shenzhen Bio-Agriculture"). Shenzhen Bio-Agriculture is an investment holding company, which is the holding company of Nongke. Nongke and its subsidiaries (the "Nongke Group") are engaged in property development, property investment, property management, manufacture and sale of agriculture products and garden design and construction in Shenzhen, the PRC. Further details of the transaction are set out in the circular of the Company dated 12 May 2014. The acquisition was made as part of the Group's strategy to increase the Group's land bank in Shenzhen.

Pursuant to a supplemental acquisition agreement entered into by Shum Yip Holdings, Shum Yip Group, Nongke and the Company on 8 May 2014 (the "Supplemental Acquisition Agreement"), the purchase consideration for the acquisition shall be satisfied by: (a) the allotment and issue of 1,061,538,935 new shares of the Company to Shum Yip Holdings; (b) a cash consideration of HK$2,871,286,794.34; and (c) a contingent consideration of HK$606,314,759.70.

The contingent consideration is required to be settled under the following manner according to the Acquisition Agreement:

(i) As to HK$311,679,961.40, representing the equivalent amount of the relocation fee in respect of Longxi Garden amounting to RMB250,457,000, to be settled in cash by the Company upon receipt of the entire RMB250,457,000 by Nongke within three years after the completion of the acquisition.

In the event that the entire relocation fee of RMB250,457,000 remains outstanding three years after the completion of the acquisition, the purchase consideration will be adjusted downward by HK$311,679,961.40. Nongke shall refund the advance payment of RMB30,000,000 and any other amount received from the Counterparty to Shum Yip Holdings.

(ii) As to HK$211,729,872.30, representing the equivalent amount of the valuation amount of the properties located at Xiangzhu Garden, to be settled in cash by the Company upon fulfilment of the following conditions within three years after the completion of the acquisition:

(a) Nongke has completed the legal procedures to release all of the properties located at Xiangzhu Garden currently under judicial seizure;

(b) Nongke has obtained the property ownership certificates of all of the properties located at Xiangzhu Garden;

(c) all of the properties located at Xiangzhu Garden shall not be subject to any third party rights and legal proceedings; and

(d) the PRC legal advisers engaged by Shenzhen Investment and Shum Yip Holdings have issued a legal opinion confirming the fulfilment of the conditions mentioned in (a), (b) and (c) above.

In the event that the conditions as abovementioned are not satisfied within three years after the completion of the acquisition, the purchase consideration will be adjusted downward by HK$211,729,872.30. Any interest in the properties located at Xiangzhu Garden shall be deemed to be owned by Shum Yip Holdings.

(iii) As to HK$82,904,926.00, representing the equivalent amount of the valuation amount of the properties located at Li Lin Terrace, Li Cui Court, Longxi Garden and Xiangli Garden, to be settled in cash by the Company upon fulfilment of the following conditions within three years after the completion of the acquisition:

(a) Nongke has obtained the property ownership certificates of all of the properties as abovementioned;

(b) all of the properties as abovementioned shall not be subject to any third party rights and legal proceedings; and

(c) the PRC legal advisers engaged by Shenzhen Investment and Shum Yip Holdings have issued a legal opinion confirming the fulfilment of the conditions mentioned in (a) and (b) above.

In the event that the conditions as abovementioned are not satisfied within three years after the completion of the acquisition, the purchase consideration will be adjusted downward by HK$82,904,926.00, any interest in the properties located at Li Lin Terrace, Li Cui Court, Longxi Garden and Xiangli Garden shall be deemed to be owned by Shum Yip Holdings.

In addition, pursuant to the land grant contracts in respect of the Mingren Land entered into between Nongke Group and the relevant PRC authorities on 15 April 2014, the land premium of the Mingren Land held by Nongke Group may be adjusted as a result of any change to the policy regarding land premium. Pursuant to the Supplemental Acquisition Agreement, Shum Yip Holdings and the Company have agreed that if the amount of the adjustment on the land premium of the Mingren Land to be made by the relevant PRC authorities is less than RMB10,000,000, the purchase consideration will be adjusted upwards or downwards by the same amount of the adjustment on the land premium.

Shum Yip Holdings and the Company have also agreed that, if the amount of the adjustment on the land premium of the Mingren Land to be made by the relevant PRC authorities is over RMB10,000,000, the adjustment on the purchase consideration will be further determined based on the results of the valuation to be done. In that case, the amount of the adjustment on the purchase consideration should not exceed RMB100,000,000.

Pursuant to an agreement entered into by the Nongke Group and certain third parties in relation to the properties located at Xiangzhu Garden on 23 December 2014, certain of these properties shall be entitled to the third parties. The third parties also agreed to withdraw all the claims against the Nongke Group. Accordingly, the condition (ii) as abovementioned will not be satisfied. The relevant properties located at Xiangzhu Garden and the corresponding contingent consideration of HK$211,729,872.30 were not accounted for by the Group as at 31 December 2014.

The acquisition was completed on 22 August 2014. The Group recognised a gain on a bargain purchase of approximately HK$1,069,722,000 in relation to this business combination. The directors of the Company are of the opinion that the gain on bargain purchase was mainly due to the fluctuation of the market price of the Company's ordinary shares between the agreement date and the date of completion of the acquisition.

The fair values of the identifiable assets and liabilities of Shenzhen Bio-Agriculture and its subsidiaries (the "Shenzhen Bio-Agriculture Group") as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	407,231
Investment properties	2,917,954
Breeding biological assets	7,064
Available-for-sale investments	19,389
Deferred tax assets	271,164
Inventories	7,206
Completed properties held for sale	693,294
Properties under development	8,382,214
Trade receivables	85,597
Prepayments, deposits and other receivables	135,742
Trading biological assets	11,394
Cash and cash equivalents	1,697,121
Restricted cash	3,624
Trade payables	(3,281,294)
Other payables and accruals	(613,394)
Due to the ultimate holding company	(76,509)
Tax payable	(1,188,346)
Deferred tax liabilities	(2,391,835)
Deferred income	(20,832)
Non-controlling interests	(104)
Total identifiable net assets at fair value	7,066,680
Gain on a bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	1,069,722
Satisfied by:	
Fair value of shares issued	2,802,463
Cash consideration	2,871,287
Fair value of the contingent consideration	323,208
	5,996,958

The initial amount of the contingent consideration was recognised at HK$323,208,000, which was determined using the discounted cash flow model and is under Level 3 fair value measurement. Significant unobservable valuation inputs for the fair value measurement of contingent consideration include the estimated possible outcome of the conditions (i) to (iii) as abovementioned and an discount rate of 6.88% per annum.

Management estimates that the conditions (i) and (iii) as abovementioned will be fulfilled within three years after the completion of the acquisition and the adjustment to the land premium of the Mingren Land is assumed to be within RMB10,000,000. A significant increase/decrease in the discount rate would result in a significant decrease/increase in the fair value of the contingent consideration liability.

The contingent consideration payable is subsequently measured at fair value. As at 31 December 2014, an increase in fair value of contingent consideration payable to Shum Yip Holdings amounting to HK$7,246,000 is charged to "Other expenses" in the consolidated statement of profit or loss. At the date of this announcement, no further significant changes to the consideration are expected.

An analysis of the cash flows in respect of the acquisition of the Shenzhen Bio-Agriculture Group is as follows:

	HK$'000
Cash paid	(2,871,287)
Cash and cash equivalents acquired	1,700,745
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,170,542)
Transaction costs of the acquisition included in cash flows from operating activities	(7,086)
	(1,177,628)

Had the combination taken place at the beginning of the year, the revenue and profit of the Group for the year would have been HK$15,610,664,000 and HK$3,502,222,000, respectively.

17. DISPOSAL OF SUBSIDIARIES

(i) Disposal of the 80% equity interest in Shum Yip Shumkang

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") to Shum Yip Holdings at a cash consideration of RMB340,208,000 (equivalent to HK$435,058,000). The transaction was completed on 7 March 2014. The consideration was settled on the disposal date. The net assets disposed of as at the date of disposal were as follows:

	Note	7 March 2014 *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 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
	5	297,424

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the 80% equity interest in Shum Yip Shumkang is as follows:

	7 March 2014
	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

(ii) Disposal of the 70% equity interest in Chengdu Xinyi

On 10 December 2014, the Group entered into an agreement with two independent third parties to dispose of the 70% equity interest in Chengdu Xinyi Property Development Limited ("Chengdu Xinyi") to the independent third parties at a cash consideration of RMB77,460,000 (equivalent to HK$97,491,000). Chengdu Xinyi was previously held by Shum Yip Terra, a subsidiary owned as to 75.05% by the Company. The transaction was completed on 31 December 2014. The consideration was fully received by the Group on the disposal date. The net liabilities disposed of as at the date of disposal were as follows:

		31 December 2014
	Note	*HK$'000*
Net liabilities disposed of:		
Cash and bank balances		49,964
Property under development		151,886
Accruals and other payables		(203,062)
Non-controlling interests		423
		(789)
Gain on disposal of a subsidiary:		
Cash consideration		97,491
Net liabilities disposed of		789
	5	98,280

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the 70% equity interest in Chengdu Xinyi is as follows:

	31 December 2014
	HK$'000
Cash consideration	97,491
Cash and cash equivalents disposed of	(49,964)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	47,527

CHAIRMAN STATEMENT

2014 RESULTS

In 2014, the real estate market in China was cooling as a whole. Overall, the market was weak, with real estate transactions dropping markedly and price falling in most cities. With the improvement in financing and policy in the end of the year, the market picked up to some extend but different regional markets diverged more distinctly. Despite the challenging environment, the Group firmly implemented its established strategies, expedited the sales, promoted transformation and made plans for the future, which resulted in its steady development.

During the year, the Group achieved a turnover of HK$13,827.1 million, representing an increase of 41.4% over the same period of last year. Profit for the year attributable to the shareholders was HK$3,131.3 million, representing an increase of 14.3% over the same period of last year. Basic earnings per share were HK53.62 cents, representing a decrease of 9.1% over the same period of last year. The Board proposed to distribute a final dividend of HK13.00 cents per share for the end of 2014 in cash, and with a scrip dividend alternative.

Completion of Acquisition of Nongke Group

During the year, the Group further implemented the strategy of “intensifying the development in Shenzhen”, and had Shenzhen Nongke Holdings Company Limited (“Nongke Group”) under its control by acquiring from its parent company a 100% stake in Shenzhen Bio-Agriculture Company Limited, which was another major capital injection after its acquisition of Kezhigu project from its parent company. Nongke Group owns valuable lands and property assets in Honey Lake area, a core area of Shenzhen. Nongke Group’s core asset is a piece of land with planned gross floor area of 260,000 square meters in the central of Honey Lake area. This project will generate a profitable return for the Group in the future.

UpperHills Project (Kezhigu) Moving Smoothly

The apartments of UpperHills Project started to sell during the year as scheduled, which attracted widespread market attention as a representative of top luxury residence in Shenzhen. Due to a depressed market sentiment, together with a large size and high price which the luxury residence has itself, the apartment did not sell as fast as expected. Given its extremely superior location and product, the Group is fully confident about the subsequent sales of Kezhigu project.

Deepening Strategic Cooperation

During the year, the Group continued deepening its strategic cooperation with companies including Shenzhen Metro and Shenzhen International Holdings. The cooperation was very effective, and the Group’s expertise and team spirit were highly appreciated by its partners, which laid a solid foundation for expanding cooperation next.

BUSINESS OUTLOOK

Looking ahead, China’s economy under the new norm will shift from rapid growth to a moderate one, with structure optimization and upgrading, and factor and investment drives replaced by consumption and innovation drives. In the next years, China’s economy will still feature steady growth and restructuring. Facing both the challenge and the opportunity, the Group is confident about China’s future economic transformation and upgrade.

As to real estate industry in particular, the past strategy of achieve extensive economic growth with scale has failed, the regional and product differences will become increasingly apparent. The third and fourth-tier cities with limited housing demand will face low sell-through rate in the short run and weak growth in the long run, while the first-tier and key second-tier cities with great population aggregation ability will have sustainable development. As the innovation city of China, Shenzhen has been at the forefront of transformation and upgrade across the country, is home to a large number of leading companies in many industries including internet, finance, innovative technology, biomedicine and logistics, and enjoys an enhanced entrepreneurial climate, excellent natural environment, and increasing appeal for immigrant population. The Group is firmly confident in Shenzhen's real estate market.

The Group fully understands the necessity of transformation. In recent years, we have proposed the strategy of "intensifying the development in Shenzhen", strived to focus the core business in Shenzhen and a few other first-tier and key second-tier cities, and strengthened the effort in the sale and disposal of projects in the third and fourth-tier cities. In the past two years, we have continuously increased the land reserve in Shenzhen by asset injection from the parent company, urban redevelopment and cooperation with companies including Shenzhen Metro. Now the Group has quality land reserves with gross floor area of over 2 million square meters, and has successfully disposed of several projects in the third and fourth-tier cities. This year, the Group will work harder to implement this strategy, to accelerate the optimization of asset structure and thus to increase return on asset.

We also increasingly realize that the past development model of pursuing expansion through high turnover will become unsustainable when encountering the scale bottleneck, and that the real estate market has entered into a phase of stable development in which asset quality, operating capacity and capital strength are more important. The Group will transform its development model from "focusing on development and sale" to "focusing on development, sale, holding, and development equally". The Group will maintain the solid growth of development and sale scale on one hand, and achieve property appreciation and steadily increase the contribution from rental income by improving the operating capacity in real estate and conducting an intensive cultivation in the high quality property on the other hand.

The Group attaches great importance to the operation of investment properties. In the next three years, it is expected that the Group will add more than 600,000 square meters of commercial properties, most of them will be located in the premium locations of Shenzhen. The Group has established an experienced team, to carefully plan and design the aspects, such as project positioning at the early stage, design planning and investment attracting, to strive to stand out from the fierce market competition with superior location and differentiated operation. As to industrial real estate operation, the Group has a proud history. Its subsidiaries, such as Pengji, Terra, Nongke, and Taifu Logistics, all have over 20 years of experience in business parks operation, and Tianan Cyber Park, an associate of the Group, enjoys a good reputation in the development and operation of innovative technology parks. The parent company of the Group owns hospital business, which provides an opportunity for the Group to explore aged care and rehabilitation service with its holding properties. The Group will further tap into its potential, integrate its resources and seek extensive collaboration, to further improve its capacity and ability to operate real estate.

In 2015, the Group anticipates a fast-growing sales revenue and an annual sales target of RMB11 billion, in which over 60% will be from Shenzhen. During the year, we will take effective measures to further optimize its land reserves structure, and further concentrate its assets and business in first-tier and key second-tier cities including Shenzhen. During the year, we will also expand the cooperation with other companies in terms of capital and operation to achieve mutual benefit and win-win situation by continuously exploring opportunities for cooperation. The Group will pursue a steady, sustainable and healthy development by further improving its asset and liability management and cash flow management, minimizing gearing ratio, while increasing net asset return.

I believe that, through a great range of effort on transformation and upgrade, the Group will make a leap from its current level, and continue to create value for its shareholders. I hereby express our heartfelt gratitude to investors for their trust and support.

LU Hua
Chairman

Hong Kong, 26 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Results

For the year ended 31 December 2014, the Group achieved a turnover from continued operation of HK13,827.1 million, representing an increase of 41.4% over the same period of last year. Gross profit margin was 29.5%, representing a decrease of 7.3 percentage points. Profit attributable to shareholders was HK$3,131.3 million, representing an increase of 14.3% 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, gain on a bargain purchase, provision for impairment of investment in Coastal Greenland Limited ("Coastal Greenland") and provision for impairment of projects in the third and fourth-tier cities, profit attributable to shareholders was HK$1,624.4 million, representing a decrease of 9.1% over the same period of last year. Basic earnings per share was HK53.62 cents, representing a decrease of 9.1% over the same period of last year.

Property Development

Sales Revenue Booked: During the year, the Group recorded 757,306 square meters in property sales (excluding the interests attributable to the Group in its three principal associates), representing an increase of 41% over the same period of last year, and achieved a net revenue in property sales of RMB8,690.7 million (equivalent to HK$10,938.1 million) (net of business tax), representing an increase of 55.4% over the same period of last year. Gross profit margin of property sales was 30.9%, representing a decrease of 10 percentage points over the same period of last year.

During the year, the gross profit margin of property development and sales decreased, mainly due to: first of all, during the year, Shenzhen projects with higher gross profit margin contributed 46% to the sales revenue booked, which was less than that of last year (Shenzhen contributed 55% to the sales revenue booked of 2013), mainly due to the low sell-through rate of luxury homes in Shenzhen market affecting the sales of UpperHills, and the impact of the "Management Measures for Industrial Building Transfer in Shenzhen" (the Measure was revised in August 2014) implemented in the first half of the year on the Group's industrial building projects in Shenzhen; secondly, the Group actively conducted promotion activities for the projects in the third and fourth-tier cities, with the price of certain projects decreasing by 5% to 15%, which also had effect on the level of gross profit margin.

In the future, with the optimization of project structure, the Group's projects in Shenzhen will begin to enter sales and settlement stage, which will continuously improve its gross profit margin.

2014 Table of Property Sales Booked

Property Name	**Type**	**Sales area** *(sqm)*	**Net sales** *(RMB Million)*	**Unit price before tax** *(RMB/sqm)*
Wanlin Lake Phase 2-8	Residential/Shops	109,814	675	6,511
Wanlin Lake Car Par	Car Park	21,940	38	1,841
Rui Cheng Phase 1.1&1.2a	Residential	82,914	374	4,780
Splendid City	Residential	34,028	134	4,189
Garden Hill Phase 1.1-1.3	Residential	27,507	206	7,934
European-view Garden	Residential	91,472	627	7,273
Terra Building	Industrial/ Commercial	19,205	695	38,349
Nanhu Rose Bay Phase 1&2&3I-IV	Residential/Shops	20,325	185	9,624
Nanhu Rose Bay Car Park	Car Park	228	3	15,785
Yihu Rose Bay	Residential/Shops	20,382	78	4,082
Tianyuxiangshan Garden	Residential	622	30	51,263
Purple Kylin Phase 1&3	Residential	6,841	131	20,339
Royal Garden	Residential	14,465	117	8,588
Noble Times Phase1&2	Residential/Shops	17,819	249	14,780
Royal Spring Garden – Car Park	Car Park	73	1	16,930
Shumyip City Phase 1.2&2	Residential/Shops	38,258	279	7,740
Shumyip City Car Park	Car Park	5,001	15	3,273
Yundonghai Phase 1.2	Residential	12,964	133	10,870
Saina Bay Phase 1	Residential	19,726	163	8,774
Jiangyue Bay Phase 1	Residential	84,278	1,291	16,219
Boxing Building	Warehouse/ Commercial	1,136	24	22,196
Bolong Building	Warehouse/ Commercial	6,731	169	26,653
UpperHills	Complex	42,312	2,606	65,215
Maanshan Shumyip Huafu Phase 1.1	Residential	22,711	159	7,459
Changzhou Shumyip Huafu Phase 1	Residential	3,716	34	9,677
Meibo Building	Residential	52,838	275	5,513
Total		**757,306**	**8,691**	

2014 Table of Distribution of Property Sales Booked *(by type)*

Residential	60%
Industrial	10%
Complex	30%

Contracted Sales: During the year, due to a weak market, although the Group actively promoted the sales, some key projects failed to reach their sales targets and the contracted sales was not satisfactory. During the year, the Group achieved 635,000 square meters in contracted sales area and contracted sales income of approximately RMB7.4 billion, representing a decrease of 12.9% and 17.9% over the same period of last year respectively.

2014 Contracted Sales Table

Project Name	**City**	**Type**	**Sales area** *(sqm)*	**Sales** *(RMB million)*	**Pre-sale unit price** *(RMB/sqm)*
UpperHills	Shenzhen	Complex	24,893	1,650	66,266
Tianyuxiangshan Garden	Shenzhen	Residential	4,138	160	38,575
Noble Times	Shenzhen	Residential	5,491	79	14,392
Purple Kylin Garden	Shenzhen	Residential	2,433	61	25,027
Bolong Building (Qingshuihe Phase 2)	Shenzhen	Warehouse/ Commercial	8,754	223	25,525
Terra Building	Shenzhen	Industrial/ Commercial	25,010	900	35,998
Royal Garden	Shenzhen	Residential	1,212	10	8,444
Jinshazhou	Guangzhou	Residential	84,502	1,389	16,431
Nanhu Rose Bay	Wuhan	Residential	20,729	189	9,125
Yihu Rose Bay	Chengdu	Residential	14,662	58	3,986
Ruicheng	Changsha	Residential	67,693	317	4,678
European Garden	Dongguan	Residential	62,338	489	7,843
Shumyip Boyuan	Taizhou	Residential	16,593	74	4,457
Splendid City	Jiangyan	Residential	59,930	230	3,842
Yundonghai	Sanshui	Residential	5,405	51	9,431
Shumyip City	Shunde	Residential	51,464	359	6,971
Garden Hill	Huizhou	Residential	20,276	181	8,914
Wanlin Lake	Huizhou	Residential	85,844	453	5,278
Changzhou Shumyip Huafu	Changzhou	Residential	2,197	18	8,302
Maanshan Shumyip Huafu	Maanshan	Residential	36,887	214	5,788
Saina Bay	Heyuan	Residential	26,245	155	5,922
Others		Residential	7,861	112	14,225
Total			**634,557**	**7,372**	

2014 Table of Distribution of Contracted Sales *(by type)*

Residential	82%
Industrial	15%
Complex	3%

Project Development: During the year, the Group had a new construction area of approximately 800,000 square meters, and a completed area of approximately 830,000 square meters.

2014 Table of New Construction Projects

Property Name	**City**	**Type**	**Total GFA** *(sqm)*	**Saleable area** *(sqm)*
Maanshan Shumyip Huafu Phase 3.1	Maanshan	Residential	126,654	94,122
Saina Bay Belle Riviere Phase 1	Heyuan	Residential	100,927	84,379
Garden Hill Phase 3.1(a)	Huizhou	Residential	126,456	87,512
Garden Hill Phase 3.1(b)	Huizhou	Residential	131,493	93,290
Shanglin Garden Phase 1.1	Taizhou	Residential	153,802	91,693
Guanlan Rose Garden	Shenzhen	Complex	154,830	107,648
Chaohu Royal Spring North Phase 1.1	Chaohu	Residential	9,397	7397
Total			**803,559**	**566,041**

2014 Table of Completed Construction Projects

Property Name	**City**	**Type**	**Total GFA** *(sqm)*	**Saleable area** *(sqm)*
Changzhou Shumyip Huafu Phase 1	Changzhou	Residential	37,099	28,445
Jinshazhou Phase 1	Guangzhou	Residential	185,627	136,595
Wanlin Lake Phase 8.2	Huizhou	Residential	80,577	79,505
Ruicheng Phase 1.2a	Changsha	Residential	86,715	85,471
European Garden Phase 3	Dongguan	Residential	54,723	49,146
Splendid City Phase 2.1	Jiangyan	Residential	105,272	66,259
Qingshuihe Auto Park Phase 2	Shenzhen	Industrial	105,300	39,386
Upperhills North Apartment	Shenzhen	Complex	170,720	168,582
Total			**826,033**	**653,389**

2015 Table of Saleable Projects

Project Name	**City**	**Type**	**Saleable area** *(sqm)*
Maanshan Shumyip Huafu Phase 1	Maanshan	Residential	281,300
Changzhou Shumyip Huafu Phase1&2	Changzhou	Residential	116,210
Noble Times Phase 1&2	Shenzhen	Residential/ Commercial	2,200
Shumyip City Phase 1,2,3	Shunde	Residential/ Commercial	108,215
Saina Bay Belle Riviere	Heyuan	Residential/ Commercial	67,731
Jinshazhou Phase 1&2	Guangzhou	Residential	105,526
Wanlin Lake	Huizhou	Residential/ Commercial	73,887
Garden Hill Phase 1&3	Huizhou	Residential/ Commercial	73,675
Ruicheng Phase 1&2	Changsha	Residential/ Commercial	131,382
European Garden Shops	Dongguan	Commercial (including hotel and office)	6,803
Spendid City Phase 1&2	Jiangyan	Residential	64,830
Shanglin Garden Phase 1.1	Taizhou	Residential	49,504
Qingshuihe Auto Park (Boxing & Bolong Building)	Shenzhen	Industrial	23,191
Chengdu Jinxiu North Industrial Land Plot	Chengdu	Industrial	2,659
Terra Building	Shenzhen	Industrial/ Commercial	13,824
Nanhu Rose Bay Phase 2&3	Wuhan	Residential/ Commercial	28,900
Yihu Rose Bay	Chengdu	Complex	58,285
Guanlan Rose Garden	Shenzhen	Complex	105,264
Chaohu Royal Spring South & North	Chaohu	Residential	17,734
Yundonghai Phase 1&2	Sanshui	Residential	73,007
UpperHills North & South	Shenzhen	Complex	299,436
Tanglang City	Shenzhen	Complex	56,000
Total			**1,759,563**

Optimizing Structure of Land Reserves

Major Acquisition – Asset Injection: During the year, the Group had Nongke Group under its control by acquiring from its parent company a 100% stake in Shenzhen Bio-Agriculture Company Limited at a price of RMB5.589 billion. The transaction was completed on 22 August 2014. Nongke Group owns valuable lands and property assets in Shenzhen downtown, and the property business has become its largest asset and business segment. A total gross floor area attributable to Nongk Group was around 384,775 square meters (including undeveloped land, investment properties and self-occupied properties).

Nongke Group's core asset, Shumyip Zhongcheng project (also known as Mingren project) is located in Honey Lake area of Futian District, with a land area of 39,158 square meters and a gross floor area of 259,332 square meters. It is planned to be a 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. The land premium of RMB3.633 billion should be repaid in respect of this project, of which, RMB1.189 billion had been paid during the year, and the balance of approximately RMB2.445 billion should be paid before June 2015. The construction of Shumyip Zhongcheng project commenced at the end of 2014 and its presale will be launched in 2016.

The transaction was a major and connected transaction, which had been approved at the extraordinary general meeting held on 29 May 2014, and was completed on 22 August. The transaction generated a gain on bargain purchase of HK$1,069.7 million, which was recorded as profit for the year.

In addition, during the year, the Group had a project which is recently included in Shenzhen's urban redevelopment program. The project is located in Liantang Industrial Area in Luohu District, with an expected gross floor area of approximately 380,000 square meters, and is under planning and resettlement negotiation.

Disposal of Inefficient Lands: In recent years, the Group has been implementing its strategy of intensifying the development in Shenzhen, and endeavouring to dispose of inefficient lands and to reduce the share of projects in the third and fourth-tier cities. During the year, the Group disposed two projects, located in New North Zone of Chengdu, Sichuan and Sanshui District, Foshan respectively.

Chengdu project is located in New North Zone of Chengdu, with a land area of 118,700 square meters and a planned gross floor area of 530,000 square meters. The equity interest held originally by the Group in this project was 70%. During the year, the Group disposed of its 70% of equity interest and creditor's rights in the project for a total price of approximately 198.4 million, including the consideration of RMB77.5 million for the disposal of equity interest and the consideration of RMB120.9 million for the creditor's rights. The Group recorded a profit before tax of HK$98.3 million for the transaction, which had been recorded as profit for the year.

The Group signed an agreement with relevant authority of Sanshui government, pursuant to which, in respect of the land for Yundonghai hotel with a land area of 90,016 square meters, the Group doesn't need to pay the outstanding land premium of approximately RMB120 million, while the government doesn't need to deliver the land to the Group. The relevant procedures were completed. The termination of payment of outstanding land premium incurred no gains or losses, but it will reduce the Company's capital expenditure on the project.

In 2015, the Group plans to devote greater effort to implement the disposal of inefficient projects in the third and fourth-tier cities. The projects planned to be disposed of are located in Maanshan, Changzhou, Taizhou, Jiangyan, Sanshui and Heyuan respectively, with a total site area of 2.7 million square meters and a gross floor area of approximately 4.3 million square meters. As the market values of certain projects in the third and fourth-tier cities may be lower than their book values, for the sake of the prudence of the accounting and to prevent the earnings from any potential influence to be arised from the potential disposal in future, the Group made a provision, with reference to its fair value less costs to sell, for impairment of projects in the third and fourth-tier cities amounting to HK$457.4 million during the year.

As of the end of December 2014, the Group had a total gross land reserve of 10.49 million square meters (in gross floor area) with an attributable gross floor area of 9.75 million square meters (excluding the interests attributable to the Group in its three principal associated companies). Of which, the total gross floor area of projects under construction was approximately 3.30 million square meters and the attributable gross floor area was 3.04 million square meters.

Table of Land Reserves by City Distribution *(As at 31 December 2014)*

City	**Planned GFA**	**Attr. GFA** *(sqm)*	**Percentage** *(sqm)*
Shenzhen	2,058,258	1,830,061	20%
Heyuan	933,768	933,768	9%
Huizhou	1,666,637	1,666,637	16%
Foshan	1,039,549	1,039,549	10%
Guangzhou	164,712	164,712	2%
Changzhou	125,939	125,939	1%
Taizhou	1,305,097	1,305,097	12%
Chaohu	103,878	103,878	1%
Maanshan	1,209,842	1,209,842	11%
Wuhan	954,037	667,826	9%
Changsha	435,874	348,700	4%
Chengdu	432,521	307,055	4%
Others	59,889	48,509	1%
	10,490,001	**9,751,573**	**100%**

Table of Type Distribution of Land Reserves *(As at 31 December 2014)*

Residential	73%
Industrial	15%
Complex	12%

Property Investment

As of 31 December 2014, the total area of the Group's investment properties was approximately 1 million square meters, mainly located in Shenzhen. At the end of December 2014, the occupancy rate of its rental property was approximately 95%. During the year, as the Group continued to promote the optimization of its property portfolio and improved the management, the Group's property investment business continued to maintain a steady growth. During the year, the Group achieved a rental income of HK$681.2 million, representing an increase of approximately 24.3% over the same period of last year, while the gross profit margin of its property investment was 88.6%, representing an increase of 6 percentage points over the same period of last year. As a result of the increase in rental income, the Group recorded a revaluation gain of HK$764.1 million in its investment property portfolio, and a revaluation gain of HK$846.8 million arising from the properties completed held for sales purpose being transferred to investment properties had already been accounted for as profit for the year. With the completion of projects including UpperHills and Taifu Square, the Group's income from, and the scale of, investment properties will increase significantly.

Property Management

The Group holds three property management companies with first class property management qualifications at the national level. The property management team is committed to improve services, support the development of real estate business, and help to enhance the corporate brand. As of the end of the year, the total area of properties under the Group's management is approximately 40 million square meters, including a variety of property types such as government offices, office buildings, residential estates, villas, and science and technology parks mainly located in Pearl River and Yangtze River deltas as well as the central region. During the year, the property management business contributed an income of HK$1,211 million to the Group, representing an increase of 9.0% over the same period of last year.

Hotel Operation

The Group has three hotels in operation and three under construction. Those in operation are Marriott Suzhou (with 293 guestrooms), Anhui Shumyip-Bantang Hot Spring Hotel (with 20 spring villas), and Chaohu Shumyip Holiday Inn (with 203 guestrooms). Those under construction are Mandarin Oriental Shenzhen (with 190 guestrooms planned), Shumyip UpperHills Boutique Hotel (with 90 guestrooms planned), and the hotel, which is co-developed with Shenzhen Metro Group with a 50% stake attributable to the Group, in Tanglang City project (with 200 guestrooms planned).

During the year, the three hotels in operation overcame challenges from increased competition, and achieved a turnover (under other operating segment) of HK$176.9 million, representing an increase of 8.6% over the same period of last year. During the year, Anhui Shumyip-Bantang Hot Spring Hotel achieved an occupancy rate of 39%, representing an increase of 9.6% over last year; Chaohu Shumyip Holiday Inn achieved an occupancy rate of 42%, representing an increase of 9% over last year; and Marriott Suzhou achieved an occupancy rate of 68.9%, representing an increase of 3.4% over last year.

Jointly-Controlled Entities

During the year, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) made a net profit contribution of HK$52.8 million to the Group, representing a decrease of 75.9% over the same period of last year. The principal activity of this company is to provide relevant services to local governments in primary land development arrangement.

Performance of Associates

During the year, 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$393.5 million to the Group, representing a decrease of 27.7% over the same period of last year. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK$275.2 million to the Group, representing a decrease of 4.8% over the same period of last year. Coastal Greenland, another listed company in Hong Kong, made a loss contribution of HK$26.7 million to the Group, representing an increase of 166.1% over the same period of last year. The Group made a provision for impairment of investment in Coastal Greenland of approximately HK$149.0 million according to the relevant accounting standard.

Financing and Financial Position

During the year, the Group actively explored financial resources, and endeavored to reduce financing costs through the optimization of liability structure. The Group attached great importance to cash flow management to provide funding for its business development.

On 25 August 2014, the Company entered into an agreement for a syndicated loan of US$435 million and HK$2,510 million for a term of 5 years with certain banks in Hong Kong. On 4 December 2014, the Company entered into a facility agreement for an amount of HK$400 million for a term of 3 years with a bank in Hong Kong.

These two funding projects fully reflected the continuous trust and support from the banks, and at the same time, allowed the Group to successfully complete the refinancing for the previous syndicated loan, and supplemented liquidity required by its operational activities.

As at 31 December 2014, the Group's total bank loans and other borrowings amounted to HK$29,398.8 million (31 December 2013: HK$24,289.4 million), of which HK$23,794.7 million were floating-rate loans, and the rest were fixed rate loans. Long-term loans amounted to HK$17,341.5 million, representing approximately 59% of total borrowings, and short-term loans were HK$12,057.3 million, representing approximately 41% of total borrowings. Borrowings from Hong Kong and overseas amounted to HK$12,442.7 million, representing approximately 42.3% of total borrowings, and the rest were borrowings from China mainland, representing approximately 57.7% of total borrowings. Through the optimization of financing structure, the Group achieved an annual average consolidated interest rate of approximately 5.5% for bank loans and other borrowings, basically flat with the same period of last year.

As of 31 December 2014, the Group's cash balance (including pledged deposits and restricted cash) was HK$9,657.4 million (31 December 2013: HK$7,478.3 million), of which approximately 83% and 17% were denominated in Renminbi and other currencies (mainly in US$ and HK$) respectively. During the year, the project of Terra Company, a 75.05%-owned subsidiary of the

Company, and its wholly-owned subsidiary, Wuhan Terra Company in Wuhan is implicated in the corruption case(s) involving the local government officials and thus it is being involved in criminal investigation. The People's Procuratorate of Jianli County of Hubei Province has seized certain bank accounts of Wuhan Terra Company and those of Terra Company, which involved an total amount of approximately RMB275.6 million as of 31 December 2014. The Company had made an announcement about this matter on 18 September 2014. As at the date of this announcement, the investigation is still in progress. The Company believes that the matter is an individual incident and will not have material effect on the assets, financials and operations of the Group as a whole.

The Group's cash inflow from operating activities is denominated in Renminbi, while the assets held and debts assumed by the Group are mainly denominated in Renminbi and US$, the exchange rate movements will have positive financial impact to the Group in short-run.

As at 31 December 2014, the Group had net assets (excluding minority interests) of HK$30,496 million (31 December 2013: HK$25,337.8 million), the net gearing ratio with the liabilities including bank loans only was 64.7% and the net gearing ratio with the liabilities including shareholders' loan from the parent company and all other interest-bearing debts was 79.9%. The gross gearing ratio (the ratio of total liabilities over total assets) was 65.3%.

Table of Financial Position

HK$ million	**31 December 2014**	31 December 2013
Bank loans	**29,398.8**	24,289.4
Long-term debts	**17,341.5**	12,167.5
Short-term debts	**12,057.3**	12,121.9
Floating-rate debts	**23,794.7**	21,297.9
Cash (including pledged deposits and restricted cash)	**9,657.4**	7,478.3
The net gearing ratio with the liabilities including bank loans and other borrowings only	**64.7%**	66.3%
The net gearing ratio with the liabilities including all the other liabilities carrying interest	**79.9%**	87.3%

Pledge of Assets and Contingent Liabilities Position

As at 31 December 2014, the Group had total loans of HK$4,359.9 million (31 December 2013: HK$3,764.2 million) that were pledged with assets (For details, see note 12 to the financial information).

As at 31 December 2014, the Group had provided guarantees to a maximum of approximately HK$2,359.5 million (31 December 2013: HK$3,193.0 million) to banks for housing loans extended by the banks to the purchasers on the Group's properties (For details, see note 14 to the financial information).

Share Capital

As at 31 December 2014, Shum Yip Holdings, the controlling shareholder of the Company was interested in approximately 67.31% of the Company.

During the year, a total of 123,134,000 share options and 1,810,400 share options were issued and excised respectively, and a total of 5,743,200 share options and 1,999,909 share options were cancelled or lapsed. During the year, the Company did not repurchase any share.

During the year, the Group issued a total of 211,650,649 shares to the shareholders who have elected to receive their 2013 final dividend by way of scrip dividends, of which, Shum Yip Holdings, received its dividends in full in the form of scrip dividends, totaling 158,774,266 Shares for its 2013 final dividends.

In addition, the Company also issued 1,061,538,935 shares to Shum Yip Holdings, which was used to satisfy part of the consideration for the acquisition of Shenzhen Bio-Agriculture Company Limited.

As at 31 December 2014, the issued share of the Company was 6,656,055,289 shares (31 December 2013: 5,381,055,305 shares).

Employees and Remuneration Policy

As at 31 December 2014, the Group employed a total of 17,129 employees (2013: 17,264) of which 50 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest in Mainland China. The related employees' costs for the year (excluding remuneration of the Directors) were approximately HK$972.9 million (2013: HK$835.6 million).

Employee benefits and bonuses are based on their individual performance, the Group's profit condition, benefit level of the industry and the current market condition. The remuneration packages are reviewed on an annual basis to ensure internal equity and its competitiveness in the market. In driving performance, we also grant share options, under the share option scheme of the Group, to employees based on individual performance and the results of the Group.

DIVIDEND

The Board recommends the payment of a final dividend of HK13.00 cents per share for the year ended 31 December 2014 (2013: HK12.00 cents per share), which subject to the approval by the shareholders at the forthcoming annual general meeting of the Company ("Annual General Meeting"), is payable on or about Friday, 21 August 2015 to shareholders whose names appear on the register of members of the Company on Friday, 26 June 2015. Together with the interim dividend of HK3.00 cents per share which was paid on 13 October 2014, the total dividend for the year ended 31 December 2014 will amount to HK16.00 cents per share (2013: HK19.00 cents per share).

The proposed final dividend will be paid in cash but shareholders will be given an option to receive new fully paid shares of the Company ("scrip shares") in lieu of cash, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. A circular containing the details of the Scrip Dividend Scheme together with relevant election form will be sent to shareholders on or around Friday, 24 July 2015.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Academy Room, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 18 June 2015 at 10:30 a.m..

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 16 June 2015 to Thursday, 18 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, 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 not later than 4:30 p.m. on Monday, 15 June 2015.

To ascertain the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 25 June 2015 to Friday, 26 June 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 not later than 4:30 p.m. on Wednesday, 24 June 2015.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year 2014, except for code provisions E.1.2 and A.6.7 of the CG Code. Our Chairman, Mr. LU Hua was not able to attend the annual general meeting of the Company held on 19 June 2014 due to other business commitment. Our President, Mr. GAO Shengyuan chaired the meeting and, together with the chairman of the audit committee, remuneration committee and nomination committee and other directors, were present to answer the shareholders' questions. Dr. WU Jiesi, our non-executive director and Mr. WU Wai Chung Michael, our independent non-executive director were not able to attend the extraordinary general meeting of the Company held on 29 May 2014 as both of them have other engagements.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION OF THE COMPANY

In order to bring the existing Articles of Association of the Company ("Articles") in line with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014, as well as to modernise and update the Articles, certain amendments are proposed to be made to the Articles. In view of the substantial number of amendments, the Board proposes that the Company takes this opportunity to adopt a new set of the Articles, consolidating all the previous and proposed amendments, to replace the existing Articles with effect from the date of the passing of the relevant special resolution at the Annual General Meeting.

The adoption of the new Articles is subject to the approval of the shareholders of the Company by way of special resolution at the Annual General Meeting. A circular containing, among other things, the Notice of Annual General Meeting and a summary of the principal provisions of the proposed adoption will be despatched to the shareholders as soon as practicable.

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, internal control and financial reporting matters including the review of the 2014 final results and the audited consolidated financial statements for the year ended 31 December 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 its listed securities during the year.

APPRECIATION

We take this opportunity to express our gratitude to our investors and shareholders for their trust and support and to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises 9 directors, of which Mr. LU Hua, Mr. GAO Shengyuan, Mr. MOU Yong and Mr. LIU Chong are the executive directors of the Company, Dr. WU Jiesi and Mr. HUANG Yige are the non-executive directors of the Company and Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar David are the independent non-executive directors of the Company.