



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

股份代號 Stock Code: 604

Interim Report 2015
二零一五年中期報告



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Corporate Information

EXECUTIVE DIRECTORS

Mr. LU Hua, *Chairman*

Mr. HUANG Wei, *President*

(appointed on 21 July 2015)

Mr. GAO Shengyuan, *President*

(resigned on 21 July 2015)

Mr. MOU Yong

Mr. LIU Chong

NON-EXECUTIVE DIRECTORS

Dr. WU Jiesi

Mr. HUANG Yige

INDEPENDENT

NON-EXECUTIVE DIRECTORS

Mr. WU Wai Chung, Michael

Mr. LI Wai Keung

Dr. WONG Yau Kar, David

COMPANY SECRETARY

Mr. LEE Ka Sze, Carmelo

AUDITORS

Ernst & Young

Certified Public Accountants

Hong Kong

LEGAL ADVISER

Woo, Kwan, Lee & Lo, Solicitors & Notaries

PRINCIPAL BANKERS

Bank of China (Hong Kong) Ltd.

The Bank of East Asia, Ltd.

The Hongkong & Shanghai Banking
Corporation Ltd.

Hang Seng Bank Ltd.

Nanyang Commercial Bank Ltd.

Industrial and Commercial

Bank of China (Asia) Ltd.

REGISTERED OFFICE

8th Floor, New East Ocean Centre,

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Tsim Sha Tsui, Kowloon, Hong Kong

SHARE REGISTRAR

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WEBSITE

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Chairman's Statement

2015 INTERIM RESULTS

In the first half of 2015, driven by picking-up of housing demand and capital markets, the real estate market recovery is strong in China's major cities. Both the trading volumes and prices have increased significantly. The Group promptly grasped this market opportunity to firmly implement the strategy of "intensifying the development in Shenzhen" and achieved desired sales results, realizing accelerated development.

During the period, the Group realized a turnover of HK\$6,279.1 million, representing an increase of 47.5% over the same period of last year; and achieved HK\$984.7 million of profit attributable to shareholders, representing an increase of 3.1% over the same period of last year. The interim basic earnings per share was HK14.60 cents, representing a decrease of 17.7% over the same period of last year. The Board has resolved to distribute 2015 interim dividend of HK3.00 cents per share in cash.

SATISFACTORY SALES RESULTS

In the first half of 2015, driven by housing demand, Shenzhen real estate market showed a strong recovery. The Group timely grasped this opportunity to actively promote sales and achieved substantial growth in contracted sales. During the first half of this year, the Group completed RMB7.66 billion of contracted sales, representing a substantial year-on-year increase of 142%, of which, the contribution from Shenzhen projects with higher gross profit margin reached 65%. UpperHills, the Group's high-end project located in Futian District, Shenzhen, completed RMB3.33 billion of contracted sales in the first half of this year, representing a substantial increase of 495% over the same period of last year. In May, Tang Lang City project, a project co-developed by the Group and Shenzhen Metro Group and located in Nanshan District of Shenzhen, became a hot selling after launching and realized RMB1.3 billion of contracted sales during the first half of this year. In July, Guanlan Rose Garden, the residential project developed by the Group and located in Longhua New District of Shenzhen was sold out immediately after launching and completed RMB1.04 billion of contracted sales in July. In addition, the sales of the Group's projects in Eastern China also rose significantly. The sales performance of Anhui Maanshan Shumyip Huaifu project and Jiangsu Changzhou Shumyip Huaifu project were very good. As of the end of July 2015, the Group completed its target of RMB11 billion of contracted sales for the full year ahead of schedule, meaning that the contracted sales achieved only in the first seven months have grown approximately 50% compared to 2014 annual sales.

Chairman's Statement

PROMOTION OF STRATEGIC COOPERATION

During the period, the Group continued to deepen its strategic cooperation with Shenzhen Metro Group, Shenzhen International and other companies. Tang Lang City project, a project co-developed by the Group and Shenzhen Metro Group, achieved satisfactory sales and the both sides are discussing the opportunities for further cooperation. Under the guidance of the new municipal government, the cooperation between the Group and Shenzhen International in Qianhai Free Trade Zone project has been promoted acceleratedly. At the same time, the Group is actively looking for more development opportunities in Shenzhen municipal state-owned enterprises and in the projects in which it cooperates with the governments. In the process of cooperation with strategic partners, the Group's professional ability and spirit of cooperation have been highly evaluated. Also, the Company's brand image has been further enhanced.

SUBSTANTIAL IMPROVEMENT IN FINANCIAL POSITION

The Group seized this sales picking up opportunity to strengthen the sales collection and fund management, achieving a significant effect. As of 30 June 2015, net gearing ratio including all liabilities carrying interest of the Group fell 20.9 percentage points to 59.0% as compared with that as of the end of 2014.

In June 2015, the Company grasped a capital market opportunity to successfully make a placing of 670 million new shares to the capital market at a placing price of HK\$4.13 per share and raised approximately HK\$2.7 billion, effectively making a supplement to the funds needed for the Group's future development and optimizing the structure of the Group's assets and liabilities. The proceeds from placing will be mainly used to increase quality land reserves in Shenzhen to provide high-quality resources for the sustainable development of the Group. This placing has received great support from shareholders and investors and, I, on behalf of the Company, hereby would like to thank our new and old shareholders. We are committed to continuing to enhance the Group's operation efficiency and promote the transformation of profit model so as to create a better return for shareholders.

Chairman's Statement

OUTLOOK

In recent years, the differentiation of the real estate industry has been accelerating. Region and product differentiation is increasingly evident. The value of the assets in the core location of the first-tier cities is gradually becoming prominent. Shenzhen's economic activity is active. It is the capital of innovation of China. There are a large number of leading enterprises in internet, finance, innovation and technology, biopharmaceutical and logistics and many other industries. Shenzhen's entrepreneurial atmosphere is strong and very attractive to the foreign population. In a few consecutive years, it maintains a net inflow of population. At present, it has a population of close to 20 million, with an average age of 30 years, and a higher real estate demand and spending ability than other cities in China. The Group is firmly optimistic about the long-term development prospect of the real estate market in Shenzhen.

Under the influence of supply and demand and other factors such as capital market volatility, we are of the view that Shenzhen's real estate market in the second half of the year will tend to be stabilized; and that the housing purchase sentiments will also return to be rational. The Group will work tirelessly and actively promote the sales of Shenzhen projects, meanwhile, arranging for next year's project sales work to promote the future contracted sales to grow continuously and steadily.

Both China's economy and real estate industry are coming through an important transformation. Facing the external adjustment, the Group will focus on developing its main business, meanwhile, make a good preparation for the transformation. In the future, we will continue to firmly implement the Company's strategy of "intensifying the development in Shenzhen", to continue to expand the land reserves in Shenzhen by the asset injection from the parent company, Shenzhen's urban renewal project and the cooperation with state-owned companies, such as Shenzhen Metro Group. At present, the Group has over 2 million square meters of GFA in high quality land reserves in Shenzhen. These projects are in prime location, with good quality products, which can bring satisfactory investment income for the Group's development. During the year, the Group will further implement this strategy and accelerate the optimization of the structure of land reserves to improve the level of return on assets.

Chairman's Statement

We realize that the development model with high turnover of the real estate industry is facing a great challenge. The Group has formulated the strategy of transformation from the development model focusing on the development and sales to the development model of development, sales, holding and operation. We will maintain a steady growth in the scale of the development and sales, meanwhile, increase quality investment properties, implement “intensive and meticulous cultivation” and operate efficiently, to strive to achieve property appreciation and steady increase in the rental contribution.

Having many years of practice, the Group has laid a solid foundation in the development of asset-light business with operation and service as the core, and has had broad resources. In the operation of industrial park, the Group has rich industrial park enterprise customer resources in Chegongmiao and Tianan Cyber Park, and has over 20 years of operation experience. In the commercial operation, the Group has an international commercial operation team. In the property management, the Group holds six property management companies with first class property management qualifications in mainland China, covering 40 million square meters of property management area. In the future, the Group will integrate resources, exploit its advantages and actively build its three major operation service centers, i.e., wisdom industrial park operating platform, residential property service platform, and commercial management and operation platform. Through building a unified product and service platform and applying internet tools, the Group will focus on providing customers with value-added services, such as government affairs, business, E-business and community finance service, to improve the operation level and operation income, and promote the development of the asset-light business with operation and service as the core. In addition, the Group's parent company owns hospital business, which provides a condition for the Group to explore services for elderly rehabilitation with the relevant properties it holds.

I believe that through unremitting efforts, the Group will be able to continue to make considerable progress in scale expansion, value enhancement, transformation and upgrading, and constantly consolidate its leading position in Shenzhen's real estate market to create continuously greater value and provide better return for shareholders.

Chairman's Statement

APPRECIATION

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

LU Hua

Chairman

Hong Kong, 27 August 2015

Management Discussion and Analysis

OVERALL RESULTS

For the six months ended 30 June 2015, the Group achieved a turnover from continued operations of HK\$6,279.1 million, representing an increase of 47.5% over the same period of last year. Gross profit margin was 34%, representing an increase of 9.8 percentage points. Profit attributable to shareholders was HK\$984.7 million, representing an increase of 3.1% over the same period of last year. If excluding the net effect of the changes in fair value of investment properties attributable to the Group and one-off gain on disposal of a subsidiary in the same period of last year, profit attributable to shareholders was HK\$437.3 million, representing an increase of 184.8% over the same period of last year. Basic earnings per share was HK14.60 cents, representing a decrease of 17.7% over the same period of last year.

PROPERTY DEVELOPMENT BUSINESS

Benefiting from the strong housing demand and rising housing purchase sentiments in Shenzhen, coupled with the wealth effect of the booming capital markets and the impact of the “330” new policies which lower the down payment ratio for the purchase of second housing unit, the trading volumes and prices have increased significantly in Shenzhen’s real estate market during the period. The Group has promptly seized this picking-up market opportunity to actively promote the sales of several major projects in Shenzhen and achieved satisfactory results.

Sales Revenue Booked: During the period, the Group recorded 204,000 square meters in property sales (excluding the interests attributable to the Group in its three principal associates), representing a decrease of 38.0% over the same period of last year, and achieved a net revenue in property sales of RMB3,778.3 million (equivalent to HK\$4,709.6 million) (net of business tax), representing a sharp increase of 59.7% over the same period of last year. The gross profit margin of property development and sales was recorded 36.6%, representing an increase of 12.6 percentage points over the same period of last year. The increase of the gross profit margin was mainly due to the market in Shenzhen was rapidly picking up and the contribution from Shenzhen projects of the Group with higher gross profit margin to the sales revenue booked increased to 72.2% from 22.7% for the same period of last year. During the period, the average gross profit margin for Shenzhen projects of the Group was approximately 44.7%, whereas the average gross profit margin in the tier-two cities was approximately 27.0%, and the tier-three cities was approximately 10.8%.

Management Discussion and Analysis

Property Sales Booked in the First Half of 2015

Property Name	Type	Sales Area (sq.m.)	Unit Price	
			Before Tax (RMB/sq.m.)	Net Sales (RMB'million)
Terra Building	Industrial/ Commercial	1,599	36,423	55
Boxing Building	Warehouse/ Commercial	2,332	27,943	62
Bolong Building	Warehouse/ Commercial	823	31,112	24
Tianyuxiangshan Garden	Residential	5,651	43,739	233
Purple Kylin	Residential	1,629	25,837	40
Royal Garden	Residential	1,448	8,759	12
Noble Times	Residential	5,564	14,848	78
Jiangyue Bay	Residential	13,972	17,950	237
Ruicheng	Residential	32,244	4,915	150
Nanhu Rose Bay	Residential	4,937	10,303	48
Yihu Rose Bay	Residential	14,204	3,632	49
Wanlin Lake	Residential	11,488	6,385	68
Splendid City	Residential	1,950	4,593	8
Garden Hill	Residential	2,107	9,926	19
European-view Garden	Residential	10,696	8,388	84
Shumyip City	Residential	12,618	6,946	82
Yundonghai	Residential	12,870	8,373	102
Saina Bay	Residential	4,262	10,373	42
Maanshan Shumyip Huafu	Residential	24,350	5,669	128
Changzhou Shumyip Huafu	Residential	4,083	8,389	32
UpperHills	Complex	35,142	67,079	2,225
Total				3,778

Management Discussion and Analysis

Contracted sales: During the period, Shenzhen's real estate market was rapidly picking up, and the Group seized the opportunity to actively promote sales, which resulted a satisfactory sales performance. During the period, the Group achieved 483,000 square meters in contracted sales area and contracted sales income of RMB7.66 billion, representing a sharp increase of 142% over the same period of last year.

Contracted Sales in the First Half of 2015

Projects	City	Type	Sales Area (sq.m.)	Sales (RMB'million)	Unit Price (RMB/sq.m.)
UpperHills	Shenzhen	Complex	48,800	3,379	69,238
Tanglang City*	Shenzhen	Complex	33,897	1,321	38,962
Jinshazhou	Guangzhou	Residential	44,600	751	16,836
Shumyip City	Shunde	Residential	70,540	447	6,331
Wanlin Lake	Huizhou	Residential	52,947	297	5,606
Maanshan Shumyip Huafu	Maanshan	Residential	53,125	280	5,274
Ruicheng	Changsha	Residential	42,892	193	4,511
Garden Hill	Huizhou	Residential	23,992	117	4,868
Terra Jingu	Shenzhen	Industrial/ Commercial	3,081	103	33,366
Bolong Building	Shenzhen	Warehouse/ Commercial	3,463	95	27,317
Changzhou Shumyip Huafu	Changzhou	Residential	13,609	91	6,694
Nanhu Rose Bay	Wuhan	Residential	8,631	89	10,277
Boxing Building	Shenzhen	Warehouse/ Commercial	3,044	84	27,760
Yundonghai	Sanshui	Residential	10,413	74	7,145
Shanglin Garden	Taizhou	Residential	15,495	72	4,634
Saina Bay	Heyuan	Residential	17,463	69	3,963
Splendid City	Jiangyan	Residential	16,441	61	3,722
Yihu Rose Bay	Chengdu	Residential	14,697	57	3,912
Noble Times	Shenzhen	Residential	1,311	30	23,036
Royal Spring Garden	Chaohu	Residential	1,862	18	9,506
European Garden	Dongguan	Residential	1,665	18	10,631
Purple Kylin	Shenzhen	Residential	578	12	20,415
Total			482,546	7,658	

* This project was co-developed with Shenzhen Metro Group, with 50% equity attributable to our Group, and it is calculated based on equity method.

Management Discussion and Analysis

Project development: During the period, the Group had a new construction area of approximately 688,000 square meters, and a completed construction area of approximately 314,000 square meters.

New Construction Projects in the First Half of 2015

Project Name	City	Type	Total GFA (sq.m.)
Shumyip Zhongcheng (Land plot 05-03)	Shenzhen	Complex	24,660
Taifu Square Phase 1	Shenzhen	Commercial	304,329
Gaobangshan Garden Phase 1	Huizhou	Residential	135,893
Shumyip City Phase 3.2	Shunde	Residential	105,478
Ruicheng Phase 2.2	Changsha	Residential	73,757
Qingshuihe Auto Park Phase 3	Shenzhen	Complex	33,930
Chaohu Royal Spring North Phase 1.2	Chaohu	Residential	9,882
Total			687,929

Completed Construction Projects in the First Half of 2015

Project Name	City	Type	Total GFA (sq.m.)
Maanshan Shumyip Huafu Phase 1.2	Maanshan	Residential	223,959
Wuhan Nanhu Rose Bay Phase 2(8-9#)	Wuhan	Residential	29,945
Shenyang Wuai Bus Station Project	Shenyang	Complex	59,889
Total			313,793

LAND RESERVES

As of the end of June 2015, the Group had a total of 11.57 million square meters of planned gross floor area (GFA) in land reserves (of which the Group had rights and interests in 10.38 million square meters), and 9.06 million square meters of capacity building area (of which the Group had rights and interests in 8.10 million square meters), of which, the projects under construction had a total of 3.85 million square meters of planned GFA (of which the Group had rights and interests in 3.44 million square meters) and 2.88 million square meters of capacity building area (of which the Group had rights and interests in 2.58 million square meters).

Management Discussion and Analysis

Distribution of Land Reserves by Region (As at 30 June 2015)

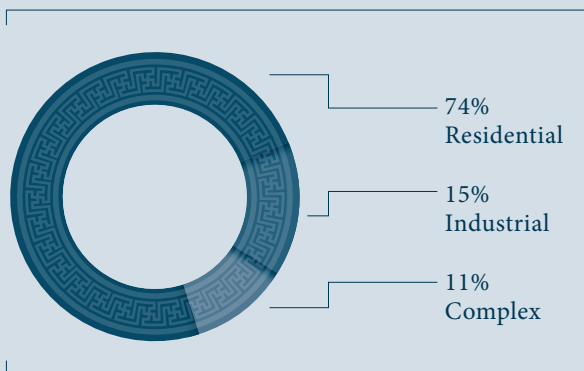
Region	Planned GFA* (sq.m.)	Capacity Building Area** (sq.m.)	Percentage
Pearl River Delta Region	7,119,652	5,400,183	62%
Yangtze River Delta Region	2,480,433	1,993,955	21%
Central Region	1,772,573	1,467,961	15%
Others	200,097	200,097	2%
Total	11,572,755	9,062,196	100%

Notes:

* The sum of the gross floor area of all the floors above and under the ground of the single building or buildings within the scope of the land for construction.

** The sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.

Distribution of Land Reserves by Product Type (As of 30 June 2015)



Management Discussion and Analysis

PROPERTY INVESTMENT

As at 30 June 2015, the total area of the Group's investment properties was approximately one million square meters, mainly located in Shenzhen. As at the end of June 2015, the occupancy rate of its rental property was approximately 95%. During the period, 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 period, the Group achieved a rental income of HK\$381.5 million, representing an increase of approximately 25.7% over the same period of last year, while the gross profit margin of its property investment was approximately 89.9%, representing an increase of 3.7 percentage points over the same period of last year. During the period, as a result of the increase in rental and property value, the Group recorded a revaluation gain in its investment property portfolio of HK\$754.0 million. With the completion of the projects including UpperHills and Taifu Square, the Group's income from, and the scale in, investment properties, will increase significantly.

PROPERTY MANAGEMENT

The Group holds six property management companies with first class property management qualifications at national level. The property management team is committed to improve services, support the development of real estate business, and give assistance to promote the corporate brand. As of the end of the period, 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, which are mainly located in Pearl River and Yangtze River deltas as well as the central region. During the period, the property management business contributed an income of HK\$667.1 million to the Group, representing an increase of approximately 15.7% over the same period of last year.

HOTEL BUSINESS

The Group has three hotels in operation and three under construction. Those in operation are Suzhou Marriott Hotel (with 293 guest rooms), Chaohu Shumyip-Bantang Hot Spring Hotel (with 20 spring villas) and Holiday Inn Resort Chaohu Hot Spring (with 203 rooms). Those under construction are Mandarin Oriental Shenzhen (with 190 guestrooms planned), Shumyip UpperHills Boutique Hotel (with 90 guestrooms planned) and Tanglang City Project Hotel co-developed with Shenzhen Metro Group (with 200 guestrooms planned).

Management Discussion and Analysis

During the period, the three hotels in operation achieved a turnover (under other operating segment) of HK\$84.2 million, representing an increase of 10.8% over the same period of last year. Chaohu Shumyip-Bantang Hot Spring Hotel achieved an occupancy rate of 39%, representing an increase of 9.6% over last year; Holiday Inn Resort Chaohu Hot Spring achieved an occupancy rate of 42%, representing an increase of 9% over last year; and Suzhou Marriott Hotel achieved an occupancy rate of 68.9%, representing an increase of 3.4% over last year.

JOINTLY-CONTROLLED ENTITIES

During the period, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) made a loss contribution of HK\$1.3 million to the Group, whereas it made a net profit contribution of HK\$29.6 million for the same period of last year. The principal activity of this company is to provide relevant services to local governments in primary land development and the local government had not launched any such land during the period.

PERFORMANCE OF ASSOCIATES

During the period, the performance of the associates invested by the Group was within expectation, of which, Shenzhen Tianan Cyber Park (Group) Co. Ltd. made a net profit contribution of HK\$136.6 million to the Group, representing an increase of 19.7% over the same period of last year. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK\$62.4 million to the Group, representing an increase of 14.3% over the same period of last year. Coastal Greenland Limited, a listed company in Hong Kong, made a loss contribution of HK\$61.5 million to the Group, whereas it made a profit contribution of HK\$28.1 million for the same period of last year.

FINANCING AND FINANCIAL POSITION

During the period, the Group actively explored financial resources and attached great importance to cash flow management to provide funding for its business development.

In June 2015, the Company made a placing of 670 million new shares to the capital market at a placing price of HK\$4.13 and raised HK\$2.7 billion, providing funds for the Group's future sustainable development. The proceeds will be used for general corporate purposes, including potential acquisition of the land or property projects located in Shenzhen.

Management Discussion and Analysis

In May 2015, the Company entered into an agreement with a bank in Hong Kong for a loan of HK\$200 million for a term of 5 years.

As of 30 June 2015, the Group's total bank loans and other borrowings amounted to HK\$30,698.3 million (31 December 2014: HK\$29,398.8 million), of which HK\$22,244.4 million were floating-rate loans, and the remaining parts were fixed rate loans. Long-term loans amounted to HK\$21,346.0 million, representing approximately 69.5% of total borrowings, and short-term loans were HK\$9,352.3 million, representing approximately 30.5% of total borrowings. Borrowings from Hong Kong and overseas amounted to HK\$12,309.7 million, representing 40.1% of total borrowings, and the remaining parts were borrowings from mainland China, representing 59.9% of total borrowings. During the period, the Group achieved an annual average consolidated interest rate of approximately 4.9% for bank loans and other borrowings.

As of 30 June 2015, the Group's cash balance (including restricted cash) was HK\$15,021.6 million (31 December 2014: HK\$9,657.4 million (including pledged deposits and restricted cash)), of which approximately 71.9% and 28.1% were denominated in Renminbi and other currencies (mainly in US\$ and HK\$) respectively. The substantial increase in cash balance was mainly due to the following reasons: firstly, the properties sales and funds collection were satisfactory during the period; secondly, the Company raised HK\$2.7 billion through shares placing during the period.

The Group's asset is mainly denominated in Renminbi. Of the bank debt, 59.9% is the debt denominated in Renminbi, while 40.1% is the debt denominated in HK\$ and US\$. HK\$ is used as the reporting currency in the Group's financial report. The effect of the decrease in RMB exchange rate on the Group's finance will be mainly reflected in the depreciation of the asset and earnings denominated in Renminbi against HK\$, the reporting currency. The Group will monitor the exchange rate risk, and consider prudently to increase the percentage of the debt denominated in Renminbi at appropriate time, and apply financial instruments to hedge the currency risk.

Management Discussion and Analysis

As of 30 June 2015, the Group had net assets (excluding non-controlling interests) of HK\$33,404.9 million (31 December 2014: HK\$30,495.9 million), the net gearing ratio with the liabilities including bank loans and other borrowings only was 46.9% and the net gearing ratio with the liabilities including shareholders' loan from the parent company and all other interest-bearing debts was 59.0%. The gross gearing ratio (the ratio of total liabilities over total assets) was 63.6%.

Financial Position

<i>HK\$ million</i>	As at 30 June 2015	As at 31 December 2014
Bank loans	30,698.3	29,398.8
Long-term debts	21,346.0	17,341.5
Short-term debts	9,352.3	12,057.3
Floating-rate debts	22,244.4	23,794.7
Cash (including pledged deposits and restricted cash)	15,021.6	9,657.4
The net gearing ratio with the liabilities including bank loans and other borrowings only	46.9%	64.7%
The net gearing ratio with the liabilities including all liabilities carrying interest	59.0%	79.9%

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES POSITION

As of 30 June 2015, the Group had total loans of HK\$3,788.5 million (31 December 2014: HK\$4,359.9 million) that were pledged with assets (for details, see note 18 to the financial statements).

As of 30 June 2015, the Group had provided guarantees to a maximum of HK\$3,988.0 million (31 December 2014: HK\$2,359.5 million) to banks for housing loans extended by the banks to the purchasers of the Group's properties (for details, see note 25 to the financial statements).

Management Discussion and Analysis

During the period, the project of 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**”) 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 (for more information, please see the announcement of the Company dated 18 September 2014). As at 30 June 2015, the balance of the seized bank accounts amounted RMB347.0 million. 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.

SHARE CAPITAL

As of 30 June 2015, the number of the issued shares of the Company was 7,381,579,119 shares (31 December 2014: 6,656,055,289 shares). Shum Yip Holdings Company Limited, the controlling shareholder of the Company, was interested in approximately 60.70% of the Company.

During the period, a total of 55,523,830 share options were exercised. In addition, on 12 June 2015, the Company issued 670,000,000 new shares at a net subscription price of HK\$4.07 per share (equal to the subscription price of HK\$4.13 per share net of the relevant placing expenses).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, the Group employed a total of 17,606 employees (2014: 15,338) of which 38 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in Mainland China. During the period, the related employees’ costs (excluding remuneration of the Directors) were approximately HK\$497.8 million (2014: HK\$415.5 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.

Report on Review of Interim Condensed Consolidated Financial Statements



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

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

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 20 to 81, which comprise the condensed consolidated statement of financial position of Shenzhen Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Report on Review of Interim Condensed Consolidated Financial Statements

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
27 August 2015

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE	4	6,279,078	4,257,627
Cost of sales		(4,147,060)	(3,225,826)
Gross profit		2,132,018	1,031,801
Other income and gains	4	268,333	594,938
Increase in fair value of investment properties		753,971	720,395
Fair value gain/(loss) on equity investments at fair value through profit or loss, net		1,933	(2,523)
Selling and distribution costs		(161,366)	(130,332)
Administrative expenses		(383,896)	(306,025)
Other expenses		(109,618)	(105,173)
Finance costs	5	(418,103)	(373,784)
Share of profits and losses of:			
Joint ventures		(10,150)	28,307
Associates		143,184	201,350
Profit before tax from continuing operations	6	2,216,306	1,658,954
Income tax expense	7	(1,184,483)	(618,951)
Profit for the period from continuing operations		1,031,823	1,040,003

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation		–	1,947
PROFIT FOR THE PERIOD		1,031,823	1,041,950
ATTRIBUTABLE TO:			
Owners of the parent		984,733	955,338
Non-controlling interests		47,090	86,612
		1,031,823	1,041,950
EARNINGS PER SHARE			
ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS			
OF THE PARENT	8		
Basic			
– For profit for the period		HK14.60 cents	HK17.75 cents
– For profit from continuing operations		HK14.60 cents	HK17.71 cents
Diluted			
– For profit for the period		HK14.57 cents	HK17.74 cents
– For profit from continuing operations		HK14.57 cents	HK17.70 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	1,031,823	1,041,950
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	9,581	230
Income tax effect	(2,395)	(57)
	7,186	173
Exchange differences on translation of foreign operations	5,092	(503,375)
Exchange fluctuation reserve released upon disposal of a subsidiary and deemed disposal of equity interest in an associate	-	(131,230)
Share of other comprehensive loss of associates	(10,859)	(3,359)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	1,419	(637,791)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of property, plant and equipment	-	101,211
Income tax effect	-	(25,303)
	-	75,908
Share of other comprehensive (loss)/income of associates	(72)	1,760
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(72)	77,668

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	1,347	(560,123)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,033,170	481,827
Attributable to:		
Owners of the parent	987,201	434,820
Non-controlling interests	45,969	47,007
	1,033,170	481,827

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,106,437	3,240,502
Prepaid land lease payments		43,640	43,237
Goodwill		322,768	322,765
Investment properties	11	20,109,695	20,018,594
Investments in associates	13	6,175,585	6,134,980
Investments in joint ventures	14	1,889,515	1,904,139
Available-for-sale investments		150,120	140,471
Other long term assets	15	1,838,395	1,793,370
Deferred tax assets		1,328,733	1,213,842
Breeding biological assets		7,408	7,200
Total non-current assets		35,972,296	34,819,100
CURRENT ASSETS			
Inventories		213,081	136,448
Completed properties held for sale		12,097,789	14,708,217
Properties under development	12	32,569,534	30,794,948
Trading biological assets		10,012	10,188
Trade receivables	16	441,615	714,764
Prepayments, deposits and other receivables		1,931,334	3,660,743
Equity investments at fair value through profit or loss		5,049	3,116
Pledged deposits	17	-	31,228
Restricted cash	17	4,168,537	1,250,679
Cash and cash equivalents	17	10,853,102	8,375,476
Total current assets		62,290,053	59,685,807

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	18	9,352,276	12,057,310
Trade payables	19	1,229,790	4,314,398
Other payables and accruals	20	12,444,648	9,975,943
Due to the immediate holding company	26(d)(ii)	49,771	51,171
Due to the ultimate holding company	26(d)(i)	4,555,267	3,054,840
Tax payable		5,394,699	5,389,732
Total current liabilities		33,026,451	34,843,394
NET CURRENT ASSETS		29,263,602	24,842,413
TOTAL ASSETS LESS CURRENT LIABILITIES		65,235,898	59,661,513
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	18	21,345,988	17,341,508
Due to the immediate holding company	26(d)(ii)	343,844	323,208
Due to the ultimate holding company	26(d)(i)	-	1,412,597
Deferred income		31,800	28,183
Deferred tax liabilities		7,785,592	7,782,382
Total non-current liabilities		29,507,224	26,887,878
Net assets		35,728,674	32,773,635
EQUITY			
Equity attributable to owners of the parent			
Share capital and other statutory capital reserves	22	17,470,082	14,564,800
Other reserves	23	15,934,848	15,065,773
Proposed final dividend		-	865,287
Non-controlling interests		33,404,930	30,495,860
Total equity		35,728,674	32,773,635

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to equity holders of the parent														
	Issued capital	Share premium account	Share	Capital redemption reserve	Share option reserve	Capital reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2014	269,653	10,984,217	(311,338)	2,066	45,196	59,019	64,656	(1,165)	1,576,700	4,064,470	7,957,250	645,727	23,557,811	2,241,535	27,579,346
Profit for the period	-	-	-	-	-	-	-	-	-	-	953,338	-	953,338	86,612	1,041,950
Other comprehensive income	-	-	-	-	-	-	77,668	173	-	(598,339)	-	-	(520,518)	(39,605)	(560,123)
Total comprehensive income	-	-	-	-	-	-	77,668	173	-	(598,339)	953,338	-	434,820	47,007	481,827
Final 2013 dividend declared	-	-	-	-	-	-	-	-	-	-	(176)	(645,727)	(645,903)	-	(645,903)
Acquisition of non-controlling interests	-	-	26,432	-	-	-	-	-	-	-	-	-	26,432	(37,306)	(10,871)
Disposal of a subsidiary	-	-	-	-	-	-	(31,984)	-	(32,275)	-	64,359	-	(124,519)	(124,519)	(124,519)
Exercise of share options (note 21a)	4,894	-	-	-	(975)	-	-	-	-	-	-	-	3,519	3,519	3,519
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	22,133	22,133	22,133
Equity-settled share option expense (note 21)	-	-	-	-	12,300	-	-	-	-	-	(1,002)	-	11,518	11,518	11,518
Share of reserves of associates	-	-	-	-	4,194	-	-	-	-	-	-	-	4,194	4,194	4,194
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,304)	(3,304)
Transfer to issued capital	10,986,253	(10,984,017)	-	(2,036)	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	-	-	50,537	-	-	(50,537)	-	-	-	-
At 30 June 2014 (unaudited)	11,229,800	-	(28,956)*	-	60,335*	59,019*	110,340*	(92)*	1,595,00*	3,468,111*	8,925,132*	-	25,172,291	2,146,519	27,318,840

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to equity holders of the parent												
	Issued capital HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2015	14,564,800	(279,127)	69,525	59,019	216,214	24,271	1,799,651	3,341,094	9,834,726	865,287	30,495,860	2,277,775	32,773,635
Profit for the period	-	-	-	-	-	-	-	-	984,733	-	984,733	47,090	1,031,823
Other comprehensive income	-	-	-	-	(72)	7,186	-	(4646)	-	-	2,468	(1,121)	1,347
Total comprehensive income	-	-	-	-	(72)	7,186	-	(4646)	984,733	-	987,201	45,969	1,033,170
Final 2014 dividend declared	-	-	-	-	-	-	-	-	(94,318)	(865,287)	(959,605)	-	(959,605)
Exercise of share options (note 21(a))	175,007	-	(34,995)	-	-	-	-	-	-	-	140,012	-	140,012
Issued of shares (note 21(b))	2,730,275	-	-	-	-	-	-	-	-	-	2,730,275	-	2,730,275
Equity-settled share option expense (note 21)	-	-	111,887	-	-	-	-	-	-	-	11,887	-	11,887
Transfer from retained profits	-	-	-	-	-	-	13,377	-	(13,377)	-	-	-	-
At 30 June 2015 (unaudited)	17,470,082	(279,127)*	45,717*	59,019*	216,142*	31,457*	1,813,028*	3,336,648*	10,771,764*	-	33,404,930	2,323,744	35,728,674

* The reserve accounts comprise the other reserves of HK\$15,934,848,000 (31 December 2014: HK\$15,065,773,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		2,216,306	1,658,954
From a discontinued operation		-	2,482
Adjustments for:			
Finance costs	5	418,103	373,784
Finance income	4	(171,842)	(245,775)
Depreciation	10	69,499	69,573
Increase in fair value of investment properties	11	(753,971)	(720,395)
Dividend income from investments		(1,343)	-
Share of profits and losses of:			
Joint ventures	14	10,150	(28,307)
Associates		(143,184)	(201,350)
Changes in fair value of contingent consideration payable to the immediate holding company			
	6/26(d)(ii)	19,179	-
Amortisation of prepaid land lease payments	6	580	795
Loss/(gain) on disposal of items of property, plant and equipment, net	6	127	(9,289)
Gains on disposal of investment properties	6	(59,468)	-
Increase in fair value of trading biological assets			
		(1,049)	-
Gain on disposal of a subsidiary		-	(297,424)
Impairment of trade receivable		221	-
Reversal of impairment of other receivables	6	(6,233)	-
Loss on deemed disposal of equity interest in an associate			
	6	-	59,225
Net fair value (gains)/losses on equity investments at fair value through profit or loss			
		(1,933)	2,523
Equity-settled share option expense	21	11,187	11,518
		1,606,329	676,314

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Decrease in trade receivables		273,926	79,545
Decrease/(increase) in prepayments, deposits and other receivables		1,859,817	(37,460)
Increase in inventories		(76,633)	(18,981)
Decrease in completed properties held for sale		2,806,918	2,335,883
Decrease in trading biological assets		1,230	-
Increase in properties under development		(1,611,268)	(2,388,612)
Decrease in trade payables		(3,083,077)	(7,634)
Increase in other payables and accruals		1,521,725	516,547
Increase in an amount due from an associate		(124,970)	-
Increase in an amount due to the immediate holding company		57	876
Increase/(decrease) in an amount due to the ultimate holding company		(276,530)	34,717
Increase in restricted cash		(2,917,858)	(997,261)
Cash generated from operations		(20,334)	193,934
Interest paid		(815,483)	(896,725)
Mainland China taxes paid		(1,282,813)	(775,767)
Net cash flows used in operating activities		(2,118,630)	(1,478,558)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		126,493	245,775
Dividends received from associates		92,528	82,222
Dividends received from investments		1,343	-
Proceeds from disposal of items of property, plant and equipment		2,675	17,814
Addition to property, plant and equipment	10	(98,058)	(35,004)
Proceeds from disposal of investment properties		70,113	-
Acquisition of non-controlling interests		-	(10,871)
Proceeds from disposal of a subsidiary		-	371,633
Additions to investment properties		(140,069)	(134,140)
Loans to joint ventures		-	(925,899)
Loans to associates		1,602	4,313
Additions to investments in joint ventures		-	(198,623)
Decrease/(increase) in pledged deposits		31,228	(329,628)
Net cash flows generated/(used) in investing activities		87,855	(912,408)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,870,287	3,519
Dividends paid to non-controlling shareholders		-	(2,304)
Establishment of a subsidiary		-	22,133
Increase/(decrease) in an amount due to the ultimate holding company		328,709	(438,309)
Addition/(repayment) of loans from fellow subsidiaries		6,945	(24,816)
Addition/(repayment) of loans from non-controlling shareholders		4,019	(557)
New bank and other borrowings		7,773,277	9,466,986
Repayment of bank and other borrowings		(6,478,203)	(6,699,395)
Net cash flows generated from financing activities		4,505,034	2,327,257
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		2,474,259	(63,709)
Cash and cash equivalents at beginning of period		8,375,476	6,645,378
Effect of foreign exchange rate changes, net		3,367	(106,916)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		10,853,102	6,474,753
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	6,757,112	3,710,367
Non-pledged time deposits with original maturity of less than three months when acquired	17	4,095,990	2,764,386
Cash and cash equivalents as stated in the statement of cash flows	17	10,853,102	6,474,753

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 noted below.

Amendments to HKAS 19

Annual Improvements

2010-2012 Cycle

Annual Improvements

2011-2013 Cycle

Defined Benefit Plans: Employee Contributions

Amendments to a number of HKFRSs

Amendments to a number of HKFRSs

Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of residential, industrial and commercial properties;
- (b) the property investment segment invests in residential, industrial and commercial properties for their rental income potential;
- (c) the property management segment engages in the management of both properties developed by the Group and external parties;
- (d) the manufacturing segment engages in the manufacture and sale of industrial and commercial products; and
- (e) the “others” segment comprises, principally, the hotel operation, manufacture and sale of aluminum alloy products and 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 or losses from the Group’s financial instruments as well as head office and corporate expenses are excluded from this measurement.

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

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 30 June 2015	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property management (Unaudited) HK\$'000	Manufacturing (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to customers	4,709,603	381,542	667,132	235,023	285,778	6,279,078
Intersegment sales	-	5,336	11,895	-	36,129	53,360
	4,709,603	386,878	679,027	235,023	321,907	6,332,438
<i>Reconciliation</i>						
Elimination of intersegment sales						(53,360)
Revenue						6,279,078
Segment results before increase in fair value of investment properties	1,333,949	434,200	37,157	1,021	(37,833)	1,768,494
Increase in fair value of investment properties	-	753,971	-	-	-	753,971
Segment results after increase in fair value of investment properties	1,333,949	1,188,171	37,157	1,021	(37,833)	2,522,465
<i>Reconciliation</i>						
Elimination of intersegment results						(28,565)
Finance income						171,842
Dividend income and unallocated gains						13,409
Fair value losses on financial instruments at fair value through profit or loss, net						1,933
Corporate and other unallocated expenses						(46,675)
Finance costs						(418,103)
Profit before tax from continuing operations						2,216,306
As at 30 June 2015						
Segment assets	55,056,000	21,859,770	157,539	207,553	4,350,770	81,631,632
<i>Reconciliation</i>						
Corporate and other unallocated assets						16,630,717
Total assets						98,262,349
Segment liabilities	13,247,255	1,675,322	941,234	67,690	1,200,604	17,132,105
<i>Reconciliation</i>						
Corporate and other unallocated liabilities						45,401,570
Total liabilities						62,533,675

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2014	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property management (Unaudited) HK\$'000	Manufacturing (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to customers	2,949,477	303,583	576,396	179,455	248,716	4,257,627
Intersegment sales	-	5,473	2,079	-	18,898	26,450
	2,949,477	309,056	578,475	179,455	267,614	4,284,077
<i>Reconciliation</i>						
Elimination of intersegment sales						(26,450)
Revenue						4,257,627
Segment results before increase in fair value of investment properties	595,851	291,979	19,726	1,103	(58,476)	850,183
Increase in fair value of investment properties	-	720,395	-	-	-	720,395
Segment results after increase in fair value of investment properties	595,851	1,012,374	19,726	1,103	(58,476)	1,570,578
<i>Reconciliation</i>						
Elimination of intersegment results						(4,270)
Finance income						245,775
Dividend income and unallocated gains						28,666
Gain on disposal of a subsidiary						297,424
Loss on deemed disposal of equity interest in an associate						(59,225)
Fair value losses on financial instruments at fair value through profit or loss, net						(2,523)
Corporate and other unallocated expenses						(43,687)
Finance costs						(373,784)
Profit before tax from continuing operations						1,658,954
As at 31 December 2014						
Segment assets	56,089,928	22,736,199	160,784	172,823	4,331,038	83,490,772
<i>Reconciliation</i>						
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
<i>Reconciliation</i>						
Corporate and other unallocated liabilities						43,014,581
Total liabilities						61,731,272

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

Notes to the Interim Condensed Consolidated Financial Statements

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4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue		
Sale of properties	4,709,603	2,949,477
Gross management fee income	667,132	576,396
Gross rental income from investment properties	381,542	303,583
Sale of commercial and industrial goods	235,023	179,455
Others	285,778	248,716
	6,279,078	4,257,627
Other income and gains		
Finance income	171,842	245,775
Gain on disposal of a subsidiary	–	297,424
Gains on disposal of investment properties	59,468	–
Others	37,023	51,739
	268,333	594,938

Notes to the Interim Condensed Consolidated Financial Statements

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5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on:		
Bank loans	718,760	654,512
Other borrowings	14,214	46,306
Loans from the ultimate holding company	108,854	182,451
Loans from fellow subsidiaries	6,669	9,132
Loans from non-controlling shareholders	2,637	4,324
Total interest expense on financial liabilities not at fair value through profit or loss	851,134	896,725
Less: Interest capitalised	(433,031)	(522,941)
	418,103	373,784

Notes to the Interim Condensed Consolidated Financial Statements

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6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cost of properties and inventories sold		3,177,192	2,379,816
Cost of services provided		969,868	846,010
Depreciation	10	69,499	69,573
Reversal of impairment of other receivables		(6,233)	-
Change in fair value of contingent consideration payable to the immediate holding company	26(d)(ii)	19,179	-
Amortisation of prepaid land lease payments		580	795
Gains on disposal of investment properties		(59,468)	-
Loss/(gains) on disposal of items of property, plant and equipment, net		127	(9,289)
Gain on disposal of a subsidiary		-	(297,424)
Loss on deemed disposal of equity interest in an associate		-	59,225

Notes to the Interim Condensed Consolidated Financial Statements

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7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

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

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

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current:		
Mainland China corporate income tax	585,548	268,396
Withholding tax on dividend	9,173	21,585
LAT in Mainland China	693,059	156,731
Deferred:		
Mainland China corporate income tax	(48,483)	184,694
Withholding tax on dividend	36,880	(144)
LAT in Mainland China	(91,694)	(12,311)
Total tax charge for the period	1,184,483	618,951

The share of taxes attributable to associates amounting to HK\$156,285,000 (six months ended 30 June 2014: HK\$192,991,000) is included in “Share of profits and losses of associates” on the face of the interim condensed consolidated statement of profit or loss.

Notes to the Interim Condensed Consolidated Financial Statements

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7. INCOME TAX EXPENSE (CONTINUED)

No share of taxes attributable to joint ventures (six months ended 30 June 2014: HK\$10,694,000) is included in “Share of profits and losses of joint ventures” on the face of the interim condensed consolidated statement of profit or loss.

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

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

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations		
From continuing operations	984,733	953,246
From a discontinued operation	–	2,092
	984,733	955,338

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,745,807,053	5,381,151,566
Effect of dilution – weighted average number of ordinary shares:		
Share options	14,003,321	4,818,246
	6,759,810,374	5,385,969,812

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9. DIVIDEND

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for 2014 — HK13.00 cents per share (2014: declared for 2013 — HK12.00 cents per share) (i)		
Scrip shares	4,846	521,507
Cash	954,759	124,396
	959,605	645,903
Dividend declared in respect of current period:		
Interim dividend declared for 2015 — HK3.00 per share (2014: HK3.00 cents per share) (ii)	221,447	199,682

Notes:

- (i) The declared final dividend of HK13.00 cents per share for the year ended 31 December 2014 was paid in August 2015. The declared final dividend of HK12.00 cents per share for the year ended 31 December 2013 was paid in August 2014.
- (ii) On 27 August 2015, the board of directors declared an interim dividend of HK3.00 cents per share for the six months ended 30 June 2015 (six months ended 30 June 2014: HK3.00 cents per share).

Notes to the Interim Condensed Consolidated Financial Statements

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10. PROPERTY, PLANT AND EQUIPMENT

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Notes		
Carrying amount at 1 January		3,240,502	2,697,625
Additions		98,058	116,885
Acquisition of a subsidiary		-	407,231
Transfer from properties under development	12	-	9,934
Transfer from investment property	11	838,549	-
Transfer to completed properties held for sale		-	(33,066)
Disposals		(2,802)	(11,685)
Surplus on revaluation		-	242,536
Depreciation charge for the period/year		(69,499)	(149,449)
Exchange realignment		1,629	(39,509)
Carrying amount at 30 June/31 December		4,106,437	3,240,502

As at 30 June 2015, the Group has not yet obtained the ownership certificates in respect of the buildings with a net book value of HK\$358,491,000 (31 December 2014: HK\$357,994,000).

As at 30 June 2015, certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$1,079,925,000 (31 December 2014: HK\$1,104,045,000) were pledged to secure bank loans granted to the Group (note 18(a)(i)).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

11. INVESTMENT PROPERTIES

30 June 2015	Completed investment properties at fair value HK\$'000	Investment properties under construction at fair value HK\$'000	Total HK\$'000
Carrying amount at 1 January 2015	13,163,533	6,855,061	20,018,594
Additions	–	197,326	197,326
Transfer to construction in process (note 10)	–	(838,549)	(838,549)
Transfer to properties under development (note 12)	–	(22,552)	(22,552)
Net gain from a fair value adjustment recognised in profit or loss	461,414	292,557	753,971
Disposal	(10,645)	–	(10,645)
Exchange realignment	7,437	4,113	11,550
Carrying amount at 30 June 2015	13,621,739	6,487,956	20,109,695
Unrealised gains for the period included in profit or loss	401,946	292,557	694,503

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

11. INVESTMENT PROPERTIES (CONTINUED)

31 December 2014	Completed investment properties at fair value HK\$'000	Investment properties under construction at fair value HK\$'000	Total HK\$'000
Carrying amount at			
1 January 2014	8,870,561	6,428,988	15,299,549
Additions	–	502,624	502,624
Acquisition of a subsidiary	2,917,954	–	2,917,954
Transfer from completed properties held for sale	1,629,472	–	1,629,472
Transfer to properties under development (note 12)	(185,948)	–	(185,948)
Transfer to completed properties held for sale	(446,051)	–	(446,051)
Net gain from a fair value adjustment recognised in profit or loss	739,508	24,577	764,085
Disposal	(166,483)	–	(166,483)
Exchange realignment	(195,480)	(101,128)	(296,608)
Carrying amount at 31 December 2014	13,163,533	6,855,061	20,018,594
Unrealised gains for the year included in profit or loss	675,824	24,577	700,401

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

11. INVESTMENT PROPERTIES (CONTINUED)

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

Certificates of ownership in respect of certain investment properties of the Group with a net carrying amount of approximately HK\$1,841,225,000 as at 30 June 2015 (31 December 2014: HK\$1,758,953,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

As at 30 June 2015, the Group's investment property with a net book value of approximately HK\$3,102,299,000 (31 December 2014: HK\$5,758,608,000) was pledged to secure bank loans granted to the Group (note 18(a)(iv)).

The Group's investment properties consist of several commercial and industrial properties in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued at 30 June 2015 based on valuation performed by Asset Appraisal Limited, an independent firm of professionally qualified property valuers, at approximately HK\$20,109,695,000.

Notes to the Interim Condensed Consolidated Financial Statements

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11. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

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

	Fair value measurement as at 30 June 2015 using			Total (Unaudited) HK\$'000	
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000		
	Recurring fair value measurement for:				
	Commercial properties	-	-		17,320,356
Industrial properties	-	-	2,789,339	2,789,339	
	-	-	20,109,695	20,109,695	

	Fair value measurement as at 31 December 2014 using			Total HK\$'000	
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000		
	Recurring fair value measurement for:				
	Commercial properties	-	-		16,327,052
Industrial properties	-	-	3,691,542	3,691,542	
	-	-	20,018,594	20,018,594	

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

Notes to the Interim Condensed Consolidated Financial Statements

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11. INVESTMENT PROPERTIES (CONTINUED)

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)
As at 30 June 2015			
Commercial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	8,800 – 45,900 (22,800)
Industrial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	6,400 – 35,300 (19,000)
As at 31 December 2014			
Commercial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	8,200 – 43,000 (20,400)
Industrial properties	Comparison method	Market unit sale rate (RMB/sq.m.)	5,400 – 34,000 (13,900)

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

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12. PROPERTIES UNDER DEVELOPMENT

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Land in Mainland China held under medium term leases, at cost:		
At beginning of year	25,521,732	21,076,061
Additions	246,720	1,181,745
Disposal of a subsidiary	-	(150,545)
Transfer from other long term assets	-	115,877
Acquisition of a subsidiary	-	8,377,658
Transfer to completed properties held for sale	(54,035)	(4,882,946)
Transfer from investment properties (note 11)	22,552	185,948
Exchange realignment	10,532	(382,066)
At 30 June/31 December	25,747,501	25,521,732
Development expenditure, at cost:		
At beginning of year	5,561,109	7,280,810
Additions	1,740,322	7,105,248
Disposal of a subsidiary	-	(1,341)
Acquisition of a subsidiary	-	4,556
Transfer to completed properties held for sale	(194,641)	(8,689,078)
Transfer to property, plant and equipment (note 10)	-	(9,934)
Exchange realignment	1,100	(129,152)
At 30 June/31 December	7,107,890	5,561,109
Provision for impairment	(285,857)	(287,893)
	32,569,534	30,794,948

Notes to the Interim Condensed Consolidated Financial Statements

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12. PROPERTIES UNDER DEVELOPMENT (CONTINUED)

	30 June 2015 (Unaudited) HK\$'000	31 December (Audited) HK\$'000
Properties under development expected to be recovered:		
Within one year	7,620,646	7,535,889
After more than one year	24,948,888	23,259,059
	32,569,534	30,794,948

As at 30 June 2015, the Group's properties under development with a net book value of approximately HK\$2,054,469,000 (31 December 2014: HK\$1,962,590,000) were pledged to secure bank loans granted to the Group (note 18(a)(iii)).

As at 30 June 2015, the application for certificates of land in Mainland China held under medium term leases with a net book value of HK\$4,796,523,000 (31 December 2014: HK\$6,513,970,000) was still in progress.

13. INVESTMENTS IN ASSOCIATES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Share of net assets	6,817,206	6,774,999
Goodwill on acquisition	91,577	91,577
Loans to associates	82,802	84,404
Provision for impairment	(816,000)	(816,000)
	6,175,585	6,134,980
Market value of listed shares	1,691,779	1,483,062

Notes to the Interim Condensed Consolidated Financial Statements

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13. INVESTMENTS IN ASSOCIATES (CONTINUED)

The loans to associates of HK\$82,802,000 (31 December 2014: HK\$84,404,000) are interest-free, unsecured and are repayable after twelve months from the end of the reporting period. Additionally, included in the Group's deposits and other receivables are amounts due from associates of HK\$124,970,000 (31 December 2014: HK\$1,641,000), which are unsecured, interest-free and have no fixed terms of repayment.

The loans from associates included in the Group's other payables and accruals are disclosed in note 20 to the financial statements.

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of ownership interest attributable to the Group		Principal activities
				30 June 2015	31 December 2014	
Coastal Greenland Ltd. ("Coastal Greenland") (note a)*	Corporate	Bermuda/ Mainland China	HK\$418,587,000	15.08	15.08	Property development and investment
Road King Infrastructure Ltd. ("Road King")** (note b)	Corporate	Bermuda/ Mainland China	HK\$73,994,000	27.34	27.73	Development, operation and management of toll roads and property development and investment
Shenzhen Tianan Cyber Park (Group) Co., Ltd. (note b)	Corporate	PRC/ Mainland China	US\$62,000,000	37.53	37.53	Property investment and development

None of the associates are audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Notes to the Interim Condensed Consolidated Financial Statements

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13. INVESTMENTS IN ASSOCIATES (CONTINUED)

- * Coastal Greenland is a limited liability company incorporate in Bermuda and its ordinary shares with a nominal value of HK\$0.10 each are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The principal location of Coastal Greenland's business is Mainland China. Although the Group holds less than 20% of the ownership interest and voting control of Coastal Greenland, the Group considers that it has the ability to exercise significant influence over Coastal Greenland through both its shareholding and its nominated directors' participation on Coastal Greenland's board of directors.

- ** Road King is a limited liability company incorporated in Bermuda and its ordinary shares with a nominal value of HK\$0.10 each are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The principal location of Road King's business is Mainland China.

Notes:

- a. Directly held by the Company
- b. Indirectly held by the Company

The above table lists the associates of the Group which, in the opinion of the directors, principally formed a substantial portion of the investments in associates of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The financial years of the above associates are coterminous with that of the Group, except for Coastal Greenland which has a financial year ending 31 March. The consolidated financial statements are adjusted for the material transactions between Coastal Greenland and group companies between 1 January and 31 March. Coastal Greenland uses 31 March as its financial year end date to conform with that of its holding company.

Road King, which is considered a material associate of the Group, is engaged in the development, operation and management of toll roads and property development and investment, and is accounted for using the equity method by the Group.

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13. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information in respect of Road King adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Current assets	36,038,881	35,306,391
Non-current assets, excluding goodwill	7,553,956	7,177,398
Goodwill on acquisition	91,577	91,577
Current liabilities	19,441,739	18,028,637
Non-current liabilities	10,153,164	10,402,600
Non-controlling interests	858,409	844,661
Net assets	13,231,102	13,299,468
Net assets, excluding goodwill	13,139,525	13,207,891
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	27.34%	27.73%
Group's share of net assets of the associate, excluding goodwill	3,592,976	3,662,354
Goodwill on acquisition	91,577	91,577
Carrying amount of the investment	3,684,553	3,753,931
Revenue	4,389,664	12,730,104
Profit for the period/year	247,516	1,029,383
Other comprehensive loss	(40,427)	(54,217)
Total comprehensive income for the period/year	207,089	975,166
Dividend received	90,912	107,073

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13. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's other associates:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Share of the associates' profits for the period/year	80,832	374,942
Share of the associates' total comprehensive (loss)/income	2,605	(75,791)
Aggregate carrying amount of the Group's investments in the associates	2,491,032	2,381,049

14. INVESTMENTS IN JOINT VENTURES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Share of net assets	556,107	572,257
Goodwill on acquisition	6,116	6,116
Loans to joint ventures	1,327,292	1,325,766
	1,889,515	1,904,139

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

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14. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Particulars of the joint ventures are as follows:

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

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

The following table illustrates the aggregate financial information of the Group's joint ventures:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Share of the joint ventures' (loss)/profit for the period/year	(10,150)	46,484
Aggregate carrying amount of the Group's investments in the joint ventures	1,889,515	1,904,139

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15. OTHER LONG TERM ASSETS

As at 30 June 2015, other long term assets mainly represented a prepayment of HK\$1,825,898,000 (31 December 2014: HK\$1,780,879,000) related to the acquisition of land use rights. The remaining balance of HK\$12,497,000 (31 December 2014: HK\$12,491,000) included receivables from other independent third parties.

16. TRADE RECEIVABLES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade receivables	476,147	749,058
Impairment	(34,532)	(34,294)
	441,615	714,764

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

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one year	399,201	699,534
One to two years	42,063	15,230
Two to three years	351	-
	441,615	714,764

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17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Cash and bank balances	10,925,649	7,622,469
Time deposits	4,095,990	2,034,914
	15,021,639	9,657,383
Less: Pledged deposits for short term		
bank loans	-	(31,228)
Restricted cash*	(4,168,537)	(1,250,679)
Cash and cash equivalents	10,853,102	8,375,476

- * As at 30 June 2015, an aggregate amount of RMB346,984,000 (31 December 2014: RMB275,560,000) deposited in the bank accounts of two subsidiaries of the Group is seized by The People's Procuratorate of Jianli County of Hubei Province (note 25).

In addition, included in the Group's restricted cash is an amount of HK\$2,611,000 deposited in an escrow account jointly operated by a subsidiary and an independent third party as at 30 June 2015 (31 December 2014: HK\$2,701,000).

The remaining balance of HK\$3,732,300,000 (31 December 2014: HK\$903,776,000) in the Group's restricted cash was limited to use in the development of certain property projects. In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of presale proceeds from properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of the related pre-sold properties or issuance of the real estate ownership certificates, whichever is the earlier.

Notes to the Interim Condensed Consolidated Financial Statements

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17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi (“RMB”) amounted to HK\$10,804,031,000 (31 December 2014: HK\$8,019,461,000). The RMB is not freely convertible into other currencies. However, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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18. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2015			31 December 2014		
	Effective contractual interest rate (%)	Maturity	HK\$'000	Effective contractual interest rate (%)	Maturity	HK\$'000
Current						
Bank loans-secured	4.86-7.80	2016	1,574,320	6.16 - 7.80	2015	1,981,860
Bank loans-unsecured	5.10 - 6.60 HIBOR+2.15- HIBOR+2.95 LIBOR+2.40- LIBOR+2.95	2016	7,652,986	5.841 - 8.40 HIBOR +1.95 - HIBOR+2.95, LIBOR +2.95	2015	9,858,107
Other borrowings-unsecured	5.88	2016	124,970	6.30 - 6.48	2015	187,365
Other borrowings-secured	-	-	-	6.60	2015	29,978
			<u>9,352,276</u>			<u>12,057,310</u>
Non-current						
Bank loans-secured	5.65-7.26	2016-2023	2,214,146	6.16 - 7.68	2016-2021	2,348,013
Bank loans-unsecured	5.10-6.60 HIBOR+2.6- HIBOR+3.75 LIBOR+2.6- LIBOR+3.75	2016-2023	16,007,592	6.15 - 6.656 HIBOR+2.2- HIBOR+3.75, LIBOR+2.4- LIBOR +3.75	2016-2023	14,993,495
Other borrowings-unsecured (d)	7.14	2016-2021	3,124,250	-	-	-
			<u>21,345,988</u>			<u>17,341,508</u>
			<u>30,698,264</u>			<u>29,398,818</u>

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	9,227,306	11,839,967
In the second year	5,271,589	5,573,410
From third to fifth years	11,733,406	10,771,851
Over five years	1,216,743	996,247
	27,449,044	29,181,475
Other borrowings:		
Within one year	124,970	217,343
From third to fifth years	2,499,400	–
Over five years	624,850	–
	3,249,220	217,343
	30,698,264	29,398,818

Notes to the Interim Condensed Consolidated Financial Statements

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

- (a) Bank loans amounting to HK\$3,788,466,000 (31 December 2014: HK\$4,359,851,000) were secured by:
- (i) certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$1,079,925,000 (31 December 2014: HK\$1,104,045,000) (note 10);
 - (ii) certain of the Group's completed properties held for sale with a net book value of approximately HK\$40,862,000 (31 December 2014: HK\$16,419,000);
 - (iii) certain of the Group's properties under development with a net book value of approximately HK\$2,054,469,000 (31 December 2014: HK\$1,962,590,000) (note 12);
 - (iv) certain of the Group's investment properties with a net book value of approximately HK\$3,102,299,000 (31 December 2014: HK\$5,758,608,000) (note 11).

In addition, Shum Yip Group, the ultimate holding company, has guaranteed certain of the Group's bank loans of HK\$7,498,200,000 as at 30 June 2015 (31 December 2014: 3,747,300,000) (note 26(b)).

- (b) Except for the bank loans equivalent to approximately HK\$6,477,452,000 (31 December 2014: HK\$6,805,279,000) and HK\$5,832,200,000 (31 December 2014: HK\$5,637,400,000), which are denominated respectively in United States dollars and Hong Kong dollars, all borrowings of the Group are in RMB.
- (c) The carrying amounts of the Group's and the Company's borrowings approximate to their fair values, which have been calculated by discounting the expected future cash flows at the prevailing interest rates.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

- (d) A subsidiary in Mainland China has entered into a fund arrangement with a financial institution (the “Trustee”), pursuant to which the Trustee has raised trust fund amounting to RMB2,500,000,000 (equivalent to HK\$3,124,250,000) and provided the fund to the subsidiary for financing a property development project of the subsidiary. The fund bears a fixed interest rate at 7.14% per annum, has an expiry term of six years and is guaranteed by Shum Yip Group.

19. TRADE PAYABLES

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one year	705,482	3,786,075
One to two years	372,643	481,171
Two to three years	129,107	8,183
Over three years	22,558	38,969
	1,229,790	4,314,398

The total amounts of the trade payables are non-interest-bearing.

Notes to the Interim Condensed Consolidated Financial Statements

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20. OTHER PAYABLES AND ACCRUALS

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Receipts in advance	5,948,393	3,764,883
Other payables	5,538,693	5,157,708
Loans from associates	471,316	296,058
Accruals	486,246	757,294
	12,444,648	9,975,943

Included in the Group's other payables are loans totalling HK\$386,763,000 (31 December 2014: HK\$379,817,000) from fellow subsidiaries. These loans are unsecured and have no fixed terms of repayment, among which, the loans of HK\$273,033,000 (31 December 2014: HK\$266,218,000) bear interest from the one-year to three-year benchmark lending rates of the PBOC, the remaining balance of HK\$113,730,000 (31 December 2014: HK\$113,599,000) is interest-free.

Included in the Group's other payables are loans totally HK\$148,693,000 (31 December 2014: HK\$144,674,000) from non-controlling shareholders of certain subsidiaries of the Group. These loans are unsecured and have no fixed terms of repayment, among which, the loans of HK\$104,848,000 (31 December 2014: HK\$110,246,000) bear interests from the one-year benchmark lending rate of the PBOC to 7.5% per annum, the remaining balance of HK\$43,845,000 (31 December 2014: HK\$34,428,000) is interest-free.

The loans from associates totally HK\$471,316,000 (31 December 2014: HK\$296,058,000) included in the Group's other payables and accruals are unsecured, interest-free and are payable on demand.

Notes to the Interim Condensed Consolidated Financial Statements

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21. SHARE OPTION SCHEME

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

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

Notes to the Interim Condensed Consolidated Financial Statements

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21. SHARE OPTION SCHEME (CONTINUED)

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

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	2.7429	181,927,600	2.5145	68,347,109
Granted during the period/year	–	–	2.8500	123,134,000
Exercised during the period/year	2.5217	(55,523,830)	2.3900	(1,810,400)
Forfeited during the period/year	–	–	2.8500	(2,068,000)
Lapsed during the period/year	–	–	2.3900	(3,675,200)
Cancelled during the period/year	–	–	2.3900	(1,999,909)
At 30 June/31 December	2.8401	126,403,770	2.7429	181,927,600

The weighted average closing share price at the date of exercise for share options exercised during the period was HK\$3.7698 per share (year ended 31 December 2014: HK\$2.6167 per share).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

21. SHARE OPTION SCHEME (CONTINUED)

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

Number of options	Exercise price* HK\$ per share	Exercise period
121,066,000	2.8500	28-1-2016 to 27-1-2019
1,558,000	3.1600	19-7-2014 to 18-7-2015
3,779,770	2.3900	19-7-2012 to 18-7-2015
<u>126,403,770</u>		

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

No new share options were granted during this period. The Group recognised a share option expense of HK\$11,186,828 during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$11,518,000).

The 55,523,830 share options exercised during the period resulted in the issue of 55,523,830 ordinary shares of the Company and an increase in share capital of HK\$175,007,000 (before issue expenses), as further detailed in note 22(a).

At the end of the reporting period, the Company had 126,403,770 share options outstanding under the Old Scheme and the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 126,403,770 additional ordinary shares of the Company and an increase in share capital of HK\$422,648,000 (before issue expenses).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

22. ISSUED CAPITAL

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Issued and fully paid: 7,381,579,119 (31 December 2014: 6,656,055,289) ordinary shares	17,470,082	14,564,800

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

	Number of shares in issue	Issued share capital HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	6,656,055,289	14,564,800	14,564,800
Share options exercised (a)	55,523,830	175,007	175,007
Issue of shares (b)	670,000,000	2,730,275	2,730,275
At 30 June 2015 (unaudited)	7,381,579,119	17,470,082	17,470,082

- (a) The subscription rights attaching to 55,523,830 share options were exercised at the weighted average subscription price of HK\$2.5217 per share, resulting in the issue of 55,523,830 shares for a total cash consideration, before expenses, of HK\$140,012,000. An amount of HK\$34,995,000 was transferred from the share option reserve to share capital upon the exercise of the share options.
- (b) On 12 June 2015, 670,000,000 new shares were allotted and issued at the net subscription price of approximately HK\$4.075 per share after deducting relevant fees and expenses. The net proceeds from the subscription are approximately HK\$2,730,275,000.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current period are presented in the interim condensed consolidated statement of changes in equity on pages 26 to 27 of the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

24. CAPITAL COMMITMENTS

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	10,688,814	7,347,594
Authorised, but not contracted for	-	28,545
	10,688,814	7,376,139

25. CONTINGENT LIABILITIES

- (i) As at 30 June 2015, the Group has given guarantees to a maximum extent of approximately HK\$3,988,017,000 (31 December 2014: HK\$2,359,519,000) 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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

25. CONTINGENT LIABILITIES (CONTINUED)

- (ii) On 12 September 2014, Shum Yip Terra, a 75.05% owned subsidiary of the Company, and its wholly-owned subsidiary, Wuhan Shum Yip Terra Property Development Company Limited (“Wuhan Terra”), 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 Shum Yip Terra and Wuhan Terra 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 which has caused a loss of state-owned land income, and the loss in the amount of approximately RMB316 million should be borne by Shum Yip Terra. The People’s Procuratorate has seized certain bank accounts of Wuhan Terra and Shum Yip Terra. Further details of the matter are set out in the announcement of the Company dated 18 September 2014.

As at 30 June 2015, the balance of the seized bank accounts of Wuhan Terra and Shum Yip Terra amounted to RMB224,425,000 and RMB122,559,000, respectively.

At the date of approval of these financial statements, Shum Yip Terra and Wuhan Terra have not yet received any notification from the People’s Court regarding the prosecution filed by the People’s Procuratorate.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

26. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

		For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
	Notes		
(1)	Shum Yip Group, the ultimate holding company:		
	– Interest expense (note 26(d)(i))	108,854	182,451
	– Management fee income (v)	1,683	–
	– Rental income (i)	3,763	–
(2)	Shum Yip Holdings, the immediate holding company:		
	– Rental expenses (i)	6,174	5,544
	– Management fee expenses (ii)	180	163
(3)	Associates:		
	– Sales of products	24,301	70,835
	– Interest income (iii)	114	–
(4)	Fellow subsidiaries:		
	– Interest expense (note 26(d)(v))	6,669	9,132
	– Estate agency fee income	–	4,131
	– Property management income (iv)	613	1,312
	– Rental expenses (i)	258	–
(5)	Joint ventures:		
	– Interest income (note 26(d)(iv))	93,116	211,777
(6)	Non-controlling shareholders		
	– Interest expense (note 26(d)(vi))	2,980	4,324

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

Notes:

- (i) The rentals were recognised at prices based on mutual agreement between the parties.
- (ii) The management fee expense to the immediate holding company was charged at prices based on mutual agreement between the parties.
- (iii) The interest income from an associate was charged at prices based on the interest at one-year benchmark lending rate of the PBOC. The loan to the associate has been settled during the period.
- (iv) The property management income from a fellow subsidiary was charged at prices based on mutual agreement between the parties.
- (v) Pursuant to the relevant agreements entered into between Shenzhen Nongke Group Limited (“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\$1,060,000 and HK\$623,000, respectively, was charged to Shum Yip Group for the period from 1 January 2015 to 30 June 2015.
- (vi) 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. The directors of the Company confirmed that the Company has complied with the disclosure requirements in accordance with the Chapter 14A of the Listing Rules.

(b) Other transaction with related parties

At 30 June 2015, the Group’s interest-bearing bank loans and other borrowings amounting to HK\$7,498,200,000 (31 December 2014: HK\$3,747,300,000) were guaranteed by Shum Yip Group (note 18(a)).

(c) Commitments with a related party

The Group entered into certain operating lease arrangements with Shum Yip Holdings. The amount of lease expenses for the period is included in note 26(a) to the interim condensed consolidated financial statements. The Group expects the total lease expenses in the second half year of 2015, the years of 2016 and 2017 to be approximately HK\$5,140,000, HK\$8,454,000 and HK\$7,541,000, respectively.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties

- (i) Included in the aggregate amount due to the ultimate holding company under current liabilities is an amount of HK\$1,451,402,000 as at 30 June 2015 (31 December 2014: HK\$1,415,751,000), which is unsecured, bears interest from 105% of the six-month benchmark lending rate to 6% per annum and repayable on demand. In addition, included in the aggregate amount due to the ultimate holding company under current liabilities is an amount of HK\$2,219,328,000 as at 30 June 2015 (31 December 2014: nil), which is unsecured, bears interest at 5.5% per annum, and repayable on 25 May 2016. The remaining amount due to the ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

- (ii) As disclosed in the interim condensed consolidated statement of financial position, the Group had an amount due to the immediate holding company under current liabilities of HK\$49,771,000 (31 December 2014: HK\$51,171,000). The amount is unsecured, interest-free and has no fixed terms of repayment.

Included in the aggregate amount due to the immediate holding company under non-current liabilities is an amount of HK\$343,844,000 (31 December 2014: 323,208,000), which represented the contingent consideration payable for the acquisition of Shenzhen Bio-Agriculture Company limited (“Shenzhen Bio-Agriculture”). The acquisition was completed on 22 August 2014. The contingent consideration payable is subsequently measured at fair value and will be paid within three years after the date of completion of acquisition. As at 30 June 2015, an increase in the fair value of the contingent consideration payable to Shum Yip Holdings amounting to HK\$19,179,000 is charged to “Other expenses” in the consolidated statement of profit or loss. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties (continued)

- (iii) Included in the Group's prepayments, deposits and other receivables are amounts due from associates of HK\$124,970,000 (31 December 2014: HK\$1,641,000), which are unsecured, interest-free and have no fixed terms of repayment.

Details of the Group's amounts due to its associates as at the end of the reporting period are included in note 20 to the interim condensed consolidated financial statements.

- (iv) Details of the Group's amounts loans to its joint ventures as at the end of the reporting period are included in note 14 to the interim condensed consolidated financial statements.

Included in the Group's prepayments, deposits and other receivables are loans to a joint venture amounting to HK\$928,227,000 (31 December 2014: HK\$2,687,190,000), which are unsecured and have no fixed terms of repayment, bear interest rate at 12% per annum (31 December 2014: 12%). The remaining amount of HK\$51,235,000 (31 December 2014: HK\$54,311,000) due from a joint venture, which is unsecured and has no fixed tem of repayments, bears interest at the one-year benchmark lending rate of the PBOC(31 December 2014: the one-year benchmark lending rate of the PBOC).

- (v) Included in the Group's prepayments, deposits and other receivables are amounts due from fellow subsidiaries of HK\$12,668,000 (31 December 2014: HK\$17,352,000), which are unsecured, interest-free and have no fixed terms of repayment.

Details of the Group's amounts due to its fellow subsidiaries as at the end of the reporting period are included in note 20 to the financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties (continued)

- (vi) Included in the Group's prepayments, deposits and other receivables are amounts due from non-controlling shareholders of certain subsidiaries of the Group of HK\$1,323,000 (31 December 2014: HK\$3,821,000), which are unsecured, interest-free and have no fixed terms of repayment.

Details of the Group's amounts due to its non-controlling shareholders as at the end of the reporting period are included in note 20 to the financial statements.

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short term employee benefits	5,497	6,339
Share-based payments	6,700	2,561
Total compensation paid to key management personnel	12,197	8,900

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

Notes to the Interim Condensed Consolidated Financial Statements

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27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial assets				
Other long term assets	12,497	12,491	12,497	12,491
Available-for-sale investments	150,120	140,471	150,120	140,471
Equity investments at fair value through profit or loss	5,049	3,116	5,049	3,116
	167,666	156,078	167,666	156,078

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial liabilities				
Interest-bearing bank loans and other borrowings				
– non-current portion	21,345,988	17,341,508	21,345,988	17,341,508
Due to the immediate holding company – non-current portion	343,844	323,208	343,844	323,208
Due to the ultimate holding company – non-current portion	–	1,412,597	–	1,412,597
	21,689,832	19,077,313	21,689,832	19,077,313

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

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

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

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

The fair values of non-current portion of pledged deposits, other long term assets, interest-bearing bank loans and other borrowings and non-current portion of an amount due to the immediate holding company and an amount due to the ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans and other borrowings as at 30 June 2015 was assessed to be insignificant.

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2015 (unaudited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	
Available-for-sale investments	150,120	-	-	150,120
Equity investments at fair value through profit or loss	5,049	-	-	5,049
	155,169	-	-	155,169

As at 31 December 2014 (audited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	
Available-for-sale investments	140,471	-	-	140,471
Equity investments at fair value through profit or loss	3,116	-	-	3,116
	143,587	-	-	143,587

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2015 (unaudited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Due to the immediate holding company – non-current portion	–	343,844	–	343,844

As at 31 December 2014 (audited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Due to the immediate holding company – non-current portion	–	323,208	–	323,208

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2014: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2015 (unaudited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Other long term assets	-	12,497	-	12,497

As at 31 December 2014 (audited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Other long term assets	-	12,491	-	12,491

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2015 (unaudited)	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Interest-bearing bank loans and other borrowings				
– non-current portion	–	21,345,988	–	21,345,988
As at 31 December 2014 (audited)	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Interest-bearing bank loans and other borrowings				
– non-current portion	–	17,341,508	–	17,341,508
Due to the ultimate holding company – non-current portion	–	1,412,597	–	1,412,597
	–	18,754,105	–	18,754,105

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

28. EVENT AFTER THE REPORTING PERIOD

On 27 July 2015, 7,846,000 share options were offered to be granted to Mr. Huang Wei, an executive director and president of the Company, and certain other eligible persons (the “Grantees”) to subscribe for a total of 7,846,000 ordinary shares of the Company under the share option scheme approved and adopted by the Company on 22 June 2012 subject to acceptance by the Grantees within 28 days from 27 July 2015, the date of offer. Among the 7,846,000 share options offered to the Grantees, 3,196,000 share options were offered to be granted to Mr. Huang Wei to subscribe for 3,196,000 ordinary shares of the Company. Further details of the share options are set out in the announcement of the Company dated 27 July 2015.

29. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2015.

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2015, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) adopted by the Company were as follows:

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

Name of director	Capacity	Number of Shares	Underlying shares pursuant to share options	Aggregate interests	Percentage of Shares in issue (Note 1)
LU Hua	Beneficial owner	1,122,383	9,526,000	10,648,383	0.14
GAO Shengyuan (Note 2)	Beneficial owner	–	7,440,000	7,440,000	0.10
MOU Yong	Beneficial owner	–	5,862,000	5,862,000	0.08
LIU Chong	Beneficial owner	–	5,832,000	5,832,000	0.08
WU Jiesi	Beneficial owner	3,400,000	–	3,400,000	0.05
LI Wai Keung	Beneficial owner	1,131,866	–	1,131,866	0.02

Disclosure of Interests

Notes:

1. The percentage was calculated based on 7,381,579,119 Shares in issue as at 30 June 2015.
2. Mr. GAO Shengyuan resigned as an executive director of the Company with effect from 21 July 2015.

Details of the directors' interests in share options granted by the Company are set out in the paragraph headed "Share Option Scheme" under the section headed "Other Information".

Save as disclosed above, none of the directors and chief executive of the Company had, as at 30 June 2015, any interests or short positions in any Shares and underlying shares or debentures of the Company or any of its associated corporations (which is the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 30 June 2015, the interests and short positions of the shareholders (other than directors or chief executives of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Disclosure of Interests

Interest in Shares of the Company:

Name	Capacity	Number of Shares (Long Position)	Percentage of Shares in issue (Note 1)
Shum Yip Group Limited	Interest in controlled corporation	4,480,478,142 (Note 2)	60.70
Shum Yip Holdings Company Limited	Beneficial owner	4,419,373,328	59.87
	Interest in controlled corporation	61,104,814 (Note 3)	0.83

Notes:

1. The percentage was calculated based on 7,381,579,119 Shares in issue as at 30 June 2015.
2. Shum Yip Group Limited is deemed to be interested in 4,480,478,142 Shares Shum Yip Holdings Company Limited (“SYH”) is interested in by virtue of SYH being its direct wholly-owned subsidiary.
3. These 61,104,814 Shares were held by Goldclass Industrial Limited, a wholly-owned subsidiary of Successful Years Holdings Limited, which in turn is wholly-owned by Shum Yip Finance Company Limited (“SYF”). SYF is a wholly-owned subsidiary of SYH and accordingly, SYH is deemed to be interested in these 61,104,814 Shares.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the Shares and underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme on 5 June 2002 (the “**Old Scheme**”), which expired on 5 June 2012. Upon expiry of the Old Scheme, no further options may be granted but in all other respects the provisions of the Old Scheme shall remain in full force and effect and all outstanding options granted under the Old Scheme continue to be exercisable in accordance with their terms of issue.

After the expiry of the Old Scheme, the Company adopted a new share option scheme on 22 June 2012 (the “**New Scheme**”).

Please refer to note 21 to the financial statements for further information of the Old Scheme and the New Scheme.

No options were granted under the New Scheme during the period. 46,029,830 options and 9,494,000 options were exercised under the Old Scheme and the New Scheme respectively. As at 30 June 2015, 3,779,770 and 122,624,000 options under the Old Scheme and the New Scheme respectively were still outstanding.

Other Information

The particulars of, and movements in, the share options outstanding under the Old Scheme and the New Scheme during the period are set out below:

	Number of share options						At 30 June 2015	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Other changes during the period				
Directors										
LU Hua	4,016,000	-	(3,878,000)	-	-	-	138,000	19/7/2010	19/7/2012- 18/7/2015*	2.39
	1,558,000	-	-	-	-	-	1,558,000	10/4/2013	19/7/2014 18/7/2015	3.16
	7,830,000	-	-	-	-	-	7,830,000	28/1/2014	28/1/2016 27/1/2019*	2.85
GAO Shengyuan (Note)	1,120,000	-	(1,120,000)	-	-	-	-	10/4/2013	19/7/2014 18/7/2015	3.16
	7,440,000	-	-	-	-	-	7,440,000	28/1/2014	28/1/2016 27/1/2019*	2.85
MOU Yong	4,016,000	-	(3,400,000)	-	-	-	616,000	19/7/2010	19/7/2012 18/7/2015*	2.39
	5,246,000	-	-	-	-	-	5,246,000	28/1/2014	28/1/2016 27/1/2019*	2.85
LIU Chong	4,016,000	-	(3,430,000)	-	-	-	586,000	19/7/2010	19/7/2012 18/7/2015*	2.39
	5,246,000	-	-	-	-	-	5,246,000	28/1/2014	28/1/2016 27/1/2019*	2.85
	40,488,000	-	(11,828,000)	-	-	-	28,660,000			
Other employees										
In aggregate	37,761,600	-	(35,321,830)	-	-	-	2,439,770	19/7/2010	19/7/2012 18/7/2015*	2.39
	8,374,000	-	(8,374,000)	-	-	-	-	10/4/2013	19/7/2014 18/7/2015	3.16
	95,304,000	-	-	-	-	-	95,304,000	28/1/2014	28/1/2016 27/1/2019*	2.85
	141,439,600	-	(43,695,830)	-	-	-	97,743,770			
	181,927,600	-	(55,523,830)	-	-	-	126,403,770			

Other Information

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

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

Note: Mr. GAO Shengyuan resigned as an executive director of the Company with effect from 21 July 2015.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.00 cents per share for the six months ended 30 June 2015 (2014: HK3.00 cents) to be paid in cash on or about Friday, 16 October 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16 September 2015. Based on the number of issued shares of the Company as at the date of this report, the interim dividend will amount to an aggregate sum of approximately HK\$222 million.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 15 September 2015, to Wednesday, 16 September 2015 (both dates inclusive), during which period no transfers of shares will be registered. To qualify for the interim dividend, all duly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 14 September 2015.

Other Information

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 (“Listing Rules”) throughout the period. And, the terms of reference of the Audit Committee has been updated to reflect the Committee’s additional responsibilities arising from the Stock Exchange’s proposal on risk management and internal control under the CG Code.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar, David. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2015 and this report.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

UPDATE ON DIRECTORS’ INFORMATION

Mr. GAO Shengyuan has been appointed as the deputy secretary of the Party Working Committee and the director of the Management Committee of CPC Shenzhen Dapeng New District with effect from 30 April 2015. Mr. GAO resigned as an executive director and the President of the Company with effect from 21 July 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

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

Other Information

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

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

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

By an agreement (“**2nd Facility Agreement**”) dated 21 June 2012 entered into between the Company as borrower and a bank, a HK\$200 million transferable term loan facility (“**2nd Facility**”) was provided to the Company. The 2nd Facility shall be repaid by the Company in one lump sum on the date falling 36 months from the date of the 2nd Facility Agreement.

By an agreement (“**3rd Facility Agreement**”) dated 25 June 2013 entered into between the Company as borrower and a bank, a HK\$300 million (or its equivalent in US dollars) transferable term loan facility (“**3rd Facility**”) was provided to the Company. The 3rd Facility shall be repaid by the Company in one lump sum on the date falling 36 months from the first drawdown date.

By an agreement (“**4th Facility Agreement**”) dated 9 October 2013 entered into between the Company as borrower and certain banks, up to a principal amount of US\$235 million (or equivalent to approximately HK\$1,833 million) transferable term loan facility and up to a principal amount of HK\$1,654 million transferable term loan facility (“**4th Facility**”) were provided to the Company. The 4th Facility shall be repaid by the Company in four instalments of various percentages of the total amount of borrowings, with all outstanding amount shall be fully repaid on the date falling 60 months from the date of the 4th Facility Agreement.

Other Information

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

By an agreement (“**6th Facility Agreement**”) dated 4 December 2014 entered into between the Company as borrower and a bank, up to a principal amount of HK\$400 million transferable term loan facility (“**6th Facility**”) was provided to the Company. The 6th Facility shall be fully repaid in 36 months commencing from the date of the 6th Facility Agreement.

By an agreement (“**7th Facility Agreement**”, together with the 1st Facility Agreement, 2nd Facility Agreement, 3rd Facility Agreement, 4th Facility Agreement, 5th Facility Agreement and 6th Facility Agreement collectively referred to as the “**Facility Agreements**”) dated 29 May 2015 entered into between the Company as borrower and a bank, up to a principal amount of HK\$200 million term loan facility (“**7th Facility**”) was provided to the Company. The 7th Facility shall be fully repaid by the Company in three instalments with the last repayment date falling 60 months from the date of the 7th Facility Agreement.

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

As at 30 June 2015, all advances made under the 2nd Facility Agreement had been fully repaid.



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