深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00604)

2013 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue up 17.6% to HK$9,778.8 million; Profit for the year attributable to owners of the parent up 27.0% to HK$2,738.4 million;
- Contracted sales income increased 47.1% to RMB9 billion;
- Implementation of strategy of intensifying the development in Shenzhen, newly acquired quality land reserve with gross floor area of approximately 1.27 million square meters;
- Proposed final dividend at HK12.00 cents per share, with an annual payout ratio of 32.2%.

The Board of Directors (the "Directors") of Shenzhen Investment Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	4	**9,778,807**	8,312,726
Cost of sales		**(6,177,192)**	(5,317,037)
Gross profit		**3,601,615**	2,995,689
Other income and gains	4	**1,611,207**	795,751
Increase in fair value of equity investments at fair value through profit or loss, net		**715**	2,269
Increase in fair value of investment properties		**624,046**	469,674
Selling and distribution expenses		**(254,882)**	(243,868)
Administrative expenses		**(736,505)**	(681,796)
Other expenses		**(184,606)**	(55,110)
Finance costs	6	**(635,535)**	(469,929)
Share of profits and losses of:			
Joint ventures		**219,169**	48,524
Associates		**831,933**	830,516
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**5,077,157**	3,691,720
Income tax expense	7	**(1,976,197)**	(1,129,956)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**3,100,960**	2,561,764
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	8	**10,029**	(1,524)
PROFIT FOR THE YEAR		**3,110,989**	2,560,240

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Attributable to:			
Owners of the parent		**2,738,432**	2,156,069
Non-controlling interests		**372,557**	404,171
		3,110,989	2,560,240
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic			
– For profit for the year		**HK58.97 cents**	HK59.23 cents
– For profit from continuing operations		**HK58.85 cents**	HK59.28 cents
Diluted			
– For profit for the year		**HK58.55 cents**	HK59.23 cents
– For profit from continuing operations		**HK58.44 cents**	HK59.28 cents

Details of the dividends payable and proposed for the year are disclosed in note 9 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000* (Restated)
PROFIT FOR THE YEAR	**3,110,989**	2,560,240
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(6,436)**	2,632
Income tax effect	**1,609**	(657)
	(4,827)	1,975
Share of other comprehensive income of associates	**135,100**	27,779
Exchange differences on translation of foreign operations	**572,268**	178,541
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**702,541**	208,295
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**702,541**	208,295
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,813,530**	2,768,535
Attributable to:		
Owners of the parent	**3,391,987**	2,345,526
Non-controlling interests	**421,543**	423,009
	3,813,530	2,768,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	31 December 2013 HK$'000	31 December 2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,697,625**	2,414,252
Intangible assets		**–**	75,986
Prepaid land lease payments		**45,463**	49,045
Goodwill		**322,856**	322,744
Investment properties		**15,299,549**	9,210,339
Investments in associates		**5,929,954**	5,223,517
Investments in joint ventures		**343,719**	118,124
Available-for-sale investments		**39,790**	52,471
Other long term assets		**1,584,056**	1,377,822
Deferred tax assets		**892,725**	528,258
Pledged deposits		**17,277**	137,323
Total non-current assets		**27,173,014**	19,509,881
CURRENT ASSETS			
Inventories		**125,974**	109,107
Completed properties held for sale		**8,434,699**	7,094,670
Properties under development		**28,356,871**	15,723,873
Trade receivables	*11*	**416,122**	254,857
Prepayments, deposits and other receivables		**4,117,358**	4,520,838
Equity investments at fair value through profit or loss		**11,011**	10,296
Pledged deposits		**13,594**	129,905
Restricted cash		**913,383**	304,528
Cash and cash equivalents		**6,534,049**	6,734,052
		48,923,061	34,882,126
Assets of a disposal group classified as held for sale	*8*	**795,450**	–
Total current assets		**49,718,511**	34,882,126
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**12,121,869**	8,974,238
Trade payables	*12*	**1,028,975**	703,486
Other payables and accruals		**10,134,523**	8,283,656
Due to the immediate holding company		**31,446**	14,158
Due to the ultimate holding company		**3,898,268**	64,579
Tax payable		**3,177,118**	1,978,905
		30,392,199	20,019,022
Liabilities directly associated with the assets classified as held for sale	*8*	**424,363**	–
Total current liabilities		**30,816,562**	20,019,022
NET CURRENT ASSETS		**18,901,949**	14,863,104
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,074,963**	34,372,985

	Note	31 December 2013 HK$'000	31 December 2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,074,963**	34,372,985
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**12,167,504**	13,236,124
Due to the ultimate holding company		**1,221,024**	–
Deferred tax liabilities		**5,107,089**	1,627,018
Total non-current liabilities		**18,495,617**	14,863,142
Net assets		**27,579,346**	19,509,843
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**269,053**	186,451
Reserves		**24,423,031**	16,951,253
Proposed final dividend	*9*	**645,727**	410,192
		25,337,811	17,547,896
Non-controlling interests		**2,241,535**	1,961,947
Total equity		**27,579,346**	19,509,843

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong.

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

– Property development
– Property investment
– Property management
– Provision of transportation services
– Manufacture and sale of industrial and commercial products

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

2.1 BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings classified as property, plant and equipment and equity investments, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation - Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the adoption of HKFRS 11 has had no impact on the currently held investments of the Group.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments*: *Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption
[4] Effective for annual periods beginning on or after 1 January 2016

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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 manufacture segment engages in the manufacture and sale of industrial and commercial products; and

(e) the "others" segment comprises, principally, the manufacture and sale of aluminum alloy products and other businesses.

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

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

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

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

Year ended 31 December 2013	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacture HK$'000	Others HK$'000	Total HK$'000
Segment revenue:						
Sales to customers	7,204,917	547,859	1,110,636	354,927	560,468	9,778,807
Intersegment sales	–	6,023	5,608	–	209,686	221,317
	7,204,917	553,882	1,116,244	354,927	770,154	10,000,124
Reconciliation						
Elimination of intersegment sales						(221,317)
Revenue from continuing operations						9,778,807
Segment results before increase in fair value of investment properties	3,259,015	582,417	30,237	11,641	265,943	4,149,253
Increase in fair value of investment properties	–	624,046	–	–	–	624,046
Segment results after increase in fair value of investment properties	3,259,015	1,206,463	30,237	11,641	265,943	4,773,299
Reconciliation						
Elimination of intersegment results						(30,282)
Finance income						446,186
Dividend income and unallocated gains						20,095
Gain on a bargain purchase						637,945
Fair value gains on financial instruments, net						715
Corporate and other unallocated expenses						(135,266)
Finance costs						(635,535)
Profit before tax from continuing operations						5,077,157
Segment assets	44,357,392	18,921,005	142,511	170,647	4,077,519	67,669,074
Reconciliation						
Corporate and other unallocated assets						8,427,001
Assets related to a discontinued operation *(note 8)*						795,450
Total assets						76,891,525
Segment liabilities	12,094,403	2,477,705	325,609	46,535	1,111,154	16,055,406
Reconciliation						
Corporate and other unallocated liabilities						32,832,410
Liabilities related to a discontinued operation *(note 8)*						424,363
Total liabilities						49,312,179
Other segment information:						
Depreciation	27,838	10,539	11,434	6,076	67,485	123,372
Amortisation of prepaid land lease payments	–	–	–	–	1,521	1,521
Share of profits and losses of associates	659,540	133,319	5,968	–	33,106	831,933
Share of profits and losses of joint ventures	–	–	–	–	219,169	219,169
Impairment of an investment in an associate	96,000	–	–	–	–	96,000
Investments in associates	5,636,740	82,303	18,264	15,133	177,514	5,929,954
Investments in joint ventures	63,595	–	–	–	280,124	343,719
Capital expenditure *	18,313,156	5,723,203	17,868	4,176	1,128,314	25,186,717

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

Year ended 31 December 2012 (Restated)	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacture *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to customers	6,013,545	499,396	1,059,024	333,785	406,976	8,312,726
Intersegment sales	–	6,412	3,640	–	192,660	202,712
	6,013,545	505,808	1,062,664	333,785	599,636	8,515,438
Reconciliation						
Elimination of intersegment sales						(202,712)
Revenue from continuing operations						8,312,726
Segment results before increase in fair value of investment properties	2,505,954	532,699	30,849	9,882	29,452	3,108,836
Increase in fair value of investment properties	–	469,674	–	–	–	469,674
Segment results after increase in fair value of investment properties	2,505,954	1,002,373	30,849	9,882	29,452	3,578,510
Reconciliation						
Elimination of intersegment results						(42,841)
Finance income						461,046
Dividend income and unallocated gains						19,320
Gain on bargain purchases						200,586
Remeasurement gain on investment in associates in step acquisitions						39,188
Fair value gains on financial instruments, net						2,269
Corporate and other unallocated expenses						(96,429)
Finance costs						(469,929)
Profit before tax from continuing operations						3,691,720
Segment assets	29,984,330	13,275,299	102,739	150,407	2,386,636	45,899,411
Reconciliation						
Corporate and other unallocated assets						7,911,209
Assets related to a discontinued operation						581,387
Total assets						54,392,007
Segment liabilities	6,137,842	974,519	276,055	39,363	1,248,259	8,676,038
Reconciliation						
Corporate and other unallocated liabilities						25,849,549
Liabilities related to a discontinued operation						356,577
Total liabilities						34,882,164
Other segment information:						
Depreciation	26,318	6,694	9,315	3,841	21,490	67,658
Amortisation of prepaid land lease payments	–	–	–	–	1,378	1,378
Share of profits and losses of associates	651,554	152,002	5,581	–	21,379	830,516
Share of profits and losses of joint ventures	–	–	–	–	48,524	48,524
Investments in associates	4,881,970	97,003	16,432	15,133	162,993	5,173,531
Investments in joint ventures	62,195	–	–	–	55,929	118,124
Capital expenditure	7,863,542	2,424,201	10,435	6,208	1,020,733	11,325,119

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of properties	**7,204,917**	6,013,545
Gross management fee income	**1,110,636**	1,059,024
Gross rental income from investment properties	**547,859**	499,396
Sale of commercial and industrial goods	**354,927**	333,785
Others	**560,468**	406,976
	9,778,807	8,312,726
Other income		
Bank interest income	**80,466**	92,750
Interest income from:		
A held-to-maturity investment	**–**	39,827
A joint venture	**363,676**	198,235
A non-controlling shareholder of a subsidiary	**2,044**	–
Associates	**–**	7,294
Finance income from independent third parties	**–**	122,940
Management fee income from a fellow subsidiary	**–**	6,147
Estate agency fee income from a fellow subsidiary	**70,220**	–
Others*	**321,147**	77,725
	837,553	544,918

* Others included an amount of HK$207,604,000 (2012: Nil) which represented compensation received from the local authorities for resumption of certain lands of the Group.

Gains		
Gain on disposal of a held-for-trading investment	**–**	4,779
Gain on disposal of items of property, plant and equipment	**730**	728
Gain on disposal of investment properties	**134,979**	–
Gain on a bargain purchase	**637,945**	200,586
Remeasurement gain on investments in associates in step acquisitions	**–**	39,188
Others	**–**	5,552
	773,654	250,833
Other income and gains	**1,611,207**	795,751

5. PROFIT BEFORE TAX

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

	2013 *HK$'000*	2012 *HK$'000* (Restated)
Cost of properties and inventories sold	**4,620,028**	3,912,150
Cost of services provided	**887,834**	889,701
Auditors' remuneration	**5,250**	5,100
Depreciation	**123,372**	67,658
Impairment of trade receivables	**87**	2,189
Reversal of impairment of trade receivables	**–**	(9,111)
Impairment of other receivables	**1,093**	14,793
Impairment of an investment in an associate*	**96,000**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**95,159**	66,903
Minimum lease payments under operating leases in respect of land and buildings	**7,424**	8,358
Amortisation of prepaid land lease payments	**1,521**	1,378
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**759,984**	722,696
Equity-settled share option expense	**2,325**	11,439
Pension scheme contributions	**104,771**	100,801
Less: Amount capitalised	**(31,431)**	(30,240)
Net: Pension scheme contributions	**73,340**	70,561
	835,649	804,696
Foreign exchange differences, net	**8,369**	(3,061)
Rental income on investment properties less direct operating expenses of HK$95,159,000 (2012 restated: HK$66,903,000)	**(452,700)**	(432,493)
Gain on disposal of a held-for-trading investment	**–**	(4,779)
Gain on disposal of items of property, plant and equipment	**(730)**	(728)
Gain on a bargain purchase**	**(637,945)**	(200,586)
Gain on disposal of investment properties	**(134,979)**	–
Remeasurement gain on investment in associates in step acquisitions	**–**	(39,188)

* The impairment of an investment in an associate is included in "Other expenses" in the consolidated statement of profit or loss.

** Gain on a bargain purchase is included in "Other income and gains" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest on:		
Bank loans	**1,176,329**	1,092,794
Other borrowings	**97,015**	81,366
Loans from ultimate holding company	**263,535**	–
Loans from fellow subsidiaries	**30,083**	17,711
Loans from non-controlling shareholders	**9,469**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**1,576,431**	1,191,871
Less: Interest capitalised	**(940,896)**	(721,942)
	635,535	469,929

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2012: 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 year.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of HK$1,072,851,000 is charged to the consolidated statement of profit or loss for the year (2012: HK$461,419,000).

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current – Mainland China	**913,760**	540,421
LAT in Mainland China	**1,072,851**	461,419
Deferred Mainland China corporate income tax	**(10,414)**	128,116
Total tax charge for the year	**1,976,197**	1,129,956

The share of taxes attributable to associates and joint ventures amounting to HK$628,839,000 (2012: HK$933,546,000) and HK$72,976,000 (2012: HK$16,038,000), respectively, are included in "Share of profits and losses of associates" and "Share of profits and losses of joint ventures" on the face of the consolidated statement of profit or loss.

8. DISCONTINUED OPERATION

On 31 December 2013, Shum Yip Taifu Logistics Group Holdings Co., Ltd. ("Shum Yip Taifu"), a subsidiary owned as to 95.37% by the Group, and Shum Yip Shumkang (Group) Co., Ltd. ("Shum Yip Shumkang"), a subsidiary owned as to 80% by the Group, entered into a sale and purchase agreement. Pursuant to the agreement, Shum Yip Taifu agreed to acquire the 36% equity interest in Shenyang Wuai Shumkang Transportation Centre (Limited) ("Wuai") held by Shum Yip Shumkang and the shareholder's loan due by Wuai to Shum Yip Shumkang for cash considerations of RMB144,000,000 (equivalent to HK$183,154,000) and RMB84,890,732 (equivalent to HK$107,973,000), respectively. As at 31 December 2013, the remaining 45.875% and 18.125% equity interests in Wuai are owned by other subsidiaries of the Group and independent third parties, respectively.

Wuai is principally engaged in property development and investment and transportation station management. Upon the completion of the intra-group transfer of the 36% equity interest in Wuai from Shum Yip Shumkang to Shum Yip Taifu, Shum Yip Shumkang will focus on the provision of passenger transportation services, automobile maintenance and other related services.

Pursuant to another sale and purchase agreement entered into between the Group and Shum Yip Holdings on 31 December 2013, the Group agreed to dispose of its 80% equity interest in Shum Yip Shumkang to Shum Yip Holdings at a cash consideration of RMB340,208,000 (equivalent to HK$432,711,000). The directors of the Company are of the view that as the transportation services operated by Shum Yip Shumkang are not core business activities of the Group, the disposal of such operation will strengthen the Group's ability to focus on its real estate business and improve its management and operation efficiency. As at 31 December 2013, other than the 36% equity interest in Wuai held by Shum Yip Shumkang to be transferred to Shum Yip Taifu, the assets and liabilities of Shum Yip Shumkang were classified as assets and liabilities of a disposal group held for sale in the consolidated statement of financial position accordingly.

The results of the disposal group for the year are presented below:

	2013	2012
	HK$'000	*HK$'000*
Revenue	**287,295**	255,528
Cost of sales	**(184,651)**	(162,557)
Other income and gains	**10,033**	17,671
Increase in fair value of investment properties	**357**	1,221
Share of profits and losses of associates	**1,230**	(11,579)
Administrative expenses	**(86,374)**	(77,125)
Other expenses	**(1,435)**	(3,458)
Finance costs	**(10,419)**	(9,620)
Profit before tax from the discontinued operation	**16,036**	10,081
Income tax expense	**(6,007)**	(11,605)
Profit/(loss) for the year from the discontinued operation	**10,029**	(1,524)
Attributable to:		
Owners of the parent	**5,278**	(1,636)
Non-controlling interests	**4,751**	112
	10,029	(1,524)

The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 December 2013 are as follows:

	2013	2012
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**238,729**	–
Investment properties	**177,710**	–
Prepaid land lease payments	**4,040**	–
Intangible assets	**118,250**	–
Investment in associates	**55,597**	–
Available-for-sale investments	**7,423**	–
Other long term assets	**35,566**	–
Deferred tax assets	**3,016**	–
Trade receivables	**3,311**	–
Prepayments, deposits and other receivables	**37,801**	–
Inventories	**2,678**	–
Cash and cash equivalent	**111,329**	–
Assets of a disposal group classified as held for sale	**795,450**	–
Liabilities		
Interest-bearing bank and other borrowings	**124,901**	–
Trade payables	**948**	–
Other payables and accruals	**274,520**	–
Tax payable	**1,466**	–
Deferred tax liabilities	**22,528**	–
Liabilities directly associated with the assets classified as held for sale	**424,363**	–
Net assets directly associated with the disposal group	**371,087**	–
Attributable to:		
Owners of the parent	**236,266**	–
Non-controlling interests	**134,821**	–
	371,087	–
Asset revaluation reserve of the disposal group	**57,346**	–
Exchange reserve of the disposal group	**90,162**	–

The net cash flows incurred by the disposal group are as follows:

	2013 *HK$'000*	2012 *HK$'000*
Operating activities	**168,224**	56,435
Investing activities	**(147,176)**	(43,154)
Financing activities	**57,264**	(105,747)
Net cash inflow/(outflow)	**78,312**	(92,466)
Earnings/(loss) per share:		
Basic, from the discontinued operation	**HK$0.11**	HK$(0.04)
Diluted, from the discontinued operation	**HK$0.11**	HK$(0.04)

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

	2013	2012
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	**HK$5,278,000**	HK$(1,636,000)
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation *(note 10)*	**4,643,891,403**	3,640,042,538
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation *(note 10)*	**4,676,968,482**	3,640,042,538

9. DIVIDENDS

	2013 *HK$'000*	2012 *HK$'000*
Interim – HK7 cents (2012: HK7 cents) per ordinary share	**371,160**	253,822
Proposed final dividend of HK12 cents (2012: final dividend of HK11 cents) per ordinary share	**645,727**	410,192
	1,016,887	664,014

On 31 March 2014, the Board proposed a final dividend of HK12 cents per share for the year ended 31 December 2013 (Year ended 31 December 2012: HK11 cents per share). The proposed final dividend will be paid in cash but shareholders will be given the option of receiving such dividend wholly in new fully paid share(s) of the Company ("scrip shares") in lieu of cash, or partly in cash and partly in form of scrip shares.

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

10. 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,643,891,403 (2012: 3,640,042,538) in issue during the year.

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

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations		
From continuing operations	**2,733,154**	2,157,705
From a discontinued operation	**5,278**	(1,636)
	2,738,432	2,156,069

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,643,891,403**	3,640,042,538
Effect of dilution – weighted average number of ordinary shares:		
Share options	**33,077,079**	–
	4,676,968,482	3,640,042,538

11. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**446,222**	285,796
Impairment	**(30,100)**	(30,939)
	416,122	254,857

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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**407,207**	252,580
One to two years	**8,915**	2,076
Two to three years	**–**	201
	416,122	254,857

12. 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**948,763**	649,910
One to two years	**39,465**	12,099
Two to three years	**1,337**	1,197
Over three years	**39,410**	40,280
	1,028,975	703,486

The trade payables are non-interest-bearing.

13. PLEDGE OF ASSETS

Bank loans amounting to HK$3,764,158,000 (2012: HK$3,762,403,000) were secured by:

(i) certain of the Group's land and buildings in Mainland China with a net book value of approximately HK$879,033,000 (2012: HK$1,205,866,000);

(ii) certain of the Group's properties under development with a net book value of approximately HK$1,826,242,000 (2012: HK$1,498,849,000);

(iii) certain of the Group's investment properties with a net book value of approximately HK$4,157,621,000 (2012: HK$4,614,496,000); and

(iv) certain of the Group's bank deposits with a net book value of HK$30,871,000 (2012: HK$267,228,000).

In addition, Shum Yip Group, the ultimate holding company, has guaranteed certain of the Group's banking facilities up to HK$3,179,750,000 as at 31 December 2013 (2012: Nil).

14. CAPITAL COMMITMENTS

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

	2013	2012
	HK$'000	*HK$'000*
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	**6,566,422**	4,262,180
Authorised, but not contracted for	**39,534**	502,724
	6,605,956	4,764,904

15. CONTINGENT LIABILITIES

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

(i) As at 31 December 2013, the Group has given guarantees to a maximum extent of approximately HK$3,193,044,000 (2012: HK$1,948,307,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties.

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

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

(ii) Fancheng Property Development Co., Limited (the "Plaintiff") had issued a claim dated 27 August 2002 against Shum Yip Group (Shenzhen) Co., Ltd. (renamed as Shum Yip Southern Land (Holdings) Co., Ltd. ("Shum Yip Southern Land") in 2007), a subsidiary of the Company, for breach of the terms of a cooperation agreement entered into by the Plaintiff and Shum Yip Southern Land dated 8 July 1991. The Plaintiff claimed a total compensation of approximately RMB170 million against Shum Yip Southern Land, which had lodged a counter-claim of RMB1.3 million against the Plaintiff on 22 October 2002. The Plaintiff agreed to partially waive the claim on 4 January 2008. The remaining claim was RMB40,000,000 (equivalent to approximately HK$45,432,000).

On 23 December 2009, the High Court of Guangdong Province (the "Guangdong High Court") overruled both the claim of the Plaintiff and the counter-claim of Shum Yip Southern Land. On 2 February 2010, the Plaintiff appealed to the Supreme People's Court of the PRC and affirmed part of the original claims of RMB26,000,000 (equivalent to approximately HK$29,530,800). On 11 February 2011, the Supreme People's Court of the PRC overruled the judgement of the Guangdong High Court and the case was remanded to the Guangdong High Court.

Pursuant to a settlement agreement entered into between Shum Yip Southern Land and the Plaintiff on 11 December 2013, both parties agreed to withdraw all the claims as abovementioned from the Guangdong High Court.

16. RELATED PARTY TRANSACTIONS

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

	Notes	**2013** **HK$'000**	2012 HK$'000
Shum Yip Group, the ultimate holding company:			
– Interest expenses	*(i)*	**263,535**	–
Shum Yip Holdings, the immediate holding company:			
– Rental expenses	*(ii)*	**4,742**	1,989
Associates:			
– Sales of products	*(iii)*	**50,884**	67,238
– Interest income		**–**	17,825
Fellow subsidiaries:			
– Sales of properties	*(iv)*	**341,484**	–
– Interest expenses	*(i)*	**30,083**	17,711
– Management fee income		**–**	6,147
– Estate agency fee income	*(v)*	**70,220**	–
A joint venture:			
– Interest income		**363,676**	198,235
Non-controlling shareholders:			
– Interest expenses	*(i)*	**9,469**	–
– Interest income		**2,044**	–

Notes:

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

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

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

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

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

(vi) In addition, the Group's bank loans amounting to HK$3,179,750,000 (2012: Nil) were guaranteed by Shum Yip Group.

(vii) In the opinion of the Directors, the above related party transactions were conducted on normal commercial terms and in the ordinary course of the Group's business.

17. EVENTS AFTER THE REPORTING PERIOD

(i) On 27 January 2014, an acquisition agreement (the "Acquisition Agreement") was entered into by the Company, Shum Yip Holdings, Shum Yip Group and Shenzhen Nongke Group Limited ("Nongke") (深圳市農科集團有限公司). Nongke is a fellow subsidiary of the Company. Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Shenzhen Bio-Agriculture Company Limited, the intermediate holding company of Nongke, from Shum Yip Holdings for a consideration of RMB5,623,000,000 (equivalent to HK$7,228,760,110), subject to adjustments (if any). Approximately 50% of the consideration will be paid by the issue of shares of the Company to Shum Yip Holdings at the date of completion of the Acquisition. The remaining portion of the consideration will be paid by the Company in cash. Further details of the Acquisition Agreement are set out in the announcement of the Company dated 27 January 2014.

(ii) On 20 December 2013, the Group entered into an agreement with Shenzhen Metro Group Co., Ltd. ("SZMC") (深圳市地鐵集團有限公司) to acquire a 50% equity interest in Shenzhen Langtong Property Development Co., Ltd. ("Shenzhen Langtong") (深圳市朗通房地產開發有限公司), a subsidiary of SZMC, for a cash consideration of RMB156,000,000. In addition, the Group shall repay an amount of RMB1,052,000,000, which represented 50% of the land premium of a parcel of land owned by Shenzhen Langtong, to SZMC on behalf of Shenzhen Langtong. The land premium was previously prepaid by SZMC to the relevant PRC authorities on behalf of Shenzhen Langtong. Shenzhen Langtong plans to build and operate residential and commercial properties on the parcel of land as abovementioned. The transaction was completed on 25 January 2014.

Because the acquisition of Shenzhen Langtong was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details of the acquisition.

(iii) On 24 January 2014, Coastal Greenland, an associate of the Company, announced a plan to issue 1,395,291,428 open offer shares at a price of HK$0.25 per open offer share by way of one open share for every two existing shares held by the shareholders. The Company didn't take up its entitlements under the open offer. Upon completion of the open offer on 14 March 2014, the equity interest held by the Company in Coastal Greenland decreased from 22.62% as at 31 December 2013 to 15.08%. The loss on deemed disposal before tax is expected to be approximately HK$43,904,000.

CHAIRMAN STATEMENT

Business Review

In 2013, under the background of relatively loosened monetary policies and strong rigid housing demand and improvement demand, the real estate market in China was picking up continuously, in particular, in the first-tier cities, the real estate transactions were active with a strong recovery. The Group grasped the market opportunities, accelerated its property development and sales, implemented its strategic transformation and achieved satisfactory operating results.

Annual Results And Payment of Dividends

During the year, the Group achieved a turnover of HK$9,778.8 million from the continuing operations, rising 17.6% year on year. Profit for the year attributable to the shareholders was HK$2,738.4 million, representing an increase of 27.0% over the same period of last year. Basic earnings per share was HK58.97 cents. The Board recommended a final dividend of HK12.00 cents per share for 2013.

Implementing The Strategy of Intensifying The Development In Shenzhen And Obtaining Quality Land Resources

Since 2013, through asset injection from its parent company, cooperation with other Shenzhen state-owned enterprises and impetus to urban redevelopment projects, the Group acquired 4 quality projects, increased its land reserve in Shenzhen by a gross floor area of over 1,270,000 square meters, and effectively implemented the strategy of intensifying the development in Shenzhen and laid a firm foundation for sustainable growth in future.

In early 2013, the Group successfully initiated the quality asset injection from its parent company. The initial injected UpperHills (深業上城) (also known as Kezhigu 科之谷) project is located in Futian District, Shenzhen City, which is adjacent to Futian CBD, with unique geographical location and natural sceneries. The project has a gross floor area of 788,910 square meters, it is an urban complex comprising of premier apartments, office buildings, hotel and shopping centers, will become the new landmark of Shenzhen.

During the year, the Group signed an agreement with Shenzhen Metro Co. Ltd. to acquire a 50% stake of a metro property development project at Tanglang station, Nanshan District in Shenzhen for RMB1.208 billion. The project has a gross floor area of 261,510 square meters, it is a complex project with residential houses, apartments, offices, commercial space and a hotel.

During the year, the Group made a break through progress on redevelopment projects. Firstly, we completed all resettlement negotiations and officially obtained the qualification of development capacity for Guanlan Rose Garden (觀瀾玫瑰苑) project, which is located in Guanlan, Baoan District and has a gross floor area of about 125,000 square meters. Secondly, the Group obtained the approval for the specific planning of Chegongmiao (車公廟) redevelopment project and obtained the qualification of development capacity for the Phase 1 of that project as well. Chegongmiao redevelopment project is located in Chegongmiao, Futian and a planned gross floor area for the whole project is about 420,000 square meters, of which the Phase 1 is currently self-owned properties, has a planned gross floor area of 100,000 square meters.

Furthermore, in January 2014, the Company signed an agreement to acquire from its parent company a 100% stake in Shenzhen Nongke Holdings Company Limited (Nongke Group) for RMB5.623 billion. Nongke Group owns valuable lands and property assets in Shenzhen downtown. As at the announcement date, a total gross floor area attributable to Nongke Group is around 385,000 square meters. Nongke Group's core assets, Mingren (名人) project is located in Honey Lake, with a gross floor area of 259,300 square meters. It is planned to be a complex project comprising of residential houses, apartments, offices and a commercial hotel. In addition, Nongke Group also owns about approximately 90,000 square meters of investment properties and owned properties, which are mainly in Honey Lake area. This acquisition is subject to independent shareholder's approval.

Promoting Project Sales Actively

The Group grasped the market opportunities to actively facilitate the sales of its projects. The projects including UpperHills (深業上城), Shenzhen Terra Building (深圳泰然大廈), Shenzhen Noble Times (深圳東晟時代), Guangzhou Jiangyue Bay (廣州江悅灣), Huizhou Wanlin Lake (惠州萬林湖), Wuhan Nanhu (武漢南湖), had recorded good sales results. The Group achieved contracted sales of approximately RMB9 billion in 2013, rising 47.1% year on year, and the total subscription amount over RMB10 billion, including subscription amount of RMB2.5 billion from UpperHills (深業上城) acquired thru asset injection in early 2013, and the contracted sales of approximately RMB1.3 billion.

Disposal of Non-core Business And Inefficient Assets, Improving Operational Efficiency

During the year, the Group took steps to promote the disposal of its real estate projects in the third and fourth-tier cities as well as other non-core business, and achieved positive results. In November, The Group signed a supplemental agreement with local government in regard of unpaid and undelivered land sites of the Yundonghai (雲東海) project in Sanshui, significantly reduced the Group's further capital expenditure on this project. In the end of the year, the Group further optimized its business structure by selling to the parent company a 80% equity interest in Shumkang Group which engages in the operation of taxi services and transport business.

Business Outlook

Industry Prospect

As the US and European economies recover gradually and the Fed exits from its quantitative easing policy, emerging economies has suffered to different extent. As for China, it will initiate various reform agendas in full swing for the year of 2014. The government will keep its macroeconomic policies stable, maintain steady growth and ensure that employment does not fall below the prescribed minimum level and that inflation does not rise above the projected level. As the economic performance remained within the proper range, the government will concentrate its efforts on structural adjustments and various reforms. Structural adjustments will lead to pain and uncertainty on macroeconomic in short-term but to benefit the sustainable development and improvement on quality in long-term as various reforms will inject great vitality into the market.

As for the real estate market, we anticipate that the real estate market will more rely on the market-based measures and the administrative control policies will gradually become weaker. The government will focus more on satisfying the housing demand for low income people. In 2014, the real estate market situation will not be optimistic. The third and fourth-tier cities will still face slow sell-through of the oversupply, and the first-tier cities will need a certain time for digestion and rebalance after the significant growth in 2013, with transaction volume smaller than last year and price remain relatively steady. Although the real estate market will face many uncertainties, we believe that in view of China's urbanization process and population structure, real estate is still a developing industry, and the markets in core cities are still improving steadily. We are confident in the sound long-term development of real estate industry. The Group will cope with the market changes on a timely basis and adopt flexible strategies to develop progressively and steadily by closely monitoring the macroeconomic development condition and real estate sector development.

Accelerating Strategic Transformation And Upgrade

The Group will accelerate its strategic transformation and resource structure adjustment; continual implementation of its strategy of intensifying the development in Shenzhen and base itself on urban redevelopment to increase its market share in Shenzhen; continual promotion of its transformation from the "development and sale" model to the "development, sale and holding" model through building up various professional platforms, and improving the mix of investment properties to achieve a stable and prudent operation; optimizing its financing structure and fund management to ensure fund safety and steady growth; optimizing its incentive and restrictive mechanism in order to facilitate the guiding role of assessment on strategies implementation.

Property Development And Sales

The annual saleable property area in 2014 is approximately 1.88 million square meters with saleable property value of approximately RMB25 billion of which Shenzhen accounts for half of the value. The annual sales target is about RMB10.5 billion, rising 16.7% as compared with the actual contracted sales in 2013. In 2014, most property projects will be launched in the second and third quarters. The Group will strive to achieve the sales targets by tapping into the market opportunities and adopting flexible pricing.

The Group will retune its project development progress, enhance milestone management, ensure sufficient saleable property area, and maintain a sustainable development. In 2014, the Group has a planned new construction area of approximately 2.1 million square meters and will give high priority to the commencement of Mingren (名人), Tanglang (塘朗) metro property, Guanlan Rose Garden (觀瀾玫瑰苑) and the first phase of Chegongmiao (車公廟) redevelopment, to laying a good foundation for the substantial growth in the next two years.

Land Reserves

The Group will continue to implement its strategy of intensifying the development in Shenzhen, and optimize its land reserve structure while continuing to maintain the existing scale of its land reserves.

The Group owns considerable potential resources in Shenzhen. Firstly, it has 6 urban redevelopment projects located in Futian, Sungang, Qingshuihe, Shangbu, Chegongmiao and Guanlan respectively, with a total planned gross floor area of over 2 million square meters among which 500,000 square meters is subject to resettlement negotiation. Secondly, there are another 2 to 3 projects are under way with the application for joining the urban redevelopment program. Moreover, Shum Yip Group, the parent of the Company has a quality land reserve with gross floor area of over 1.8 million square meters in Shenzhen.

The Group will continue to focus on its development in Shenzhen, make good use of its resources advantages, and complement to its quality land resources in various way. In addition, the Group will continue seeking potential partners and accelerate the implementation of the disposal of certain inefficient projects in the third and fourth-tier cities.

Financial Strategy

The Group will adhere to the consistent principle of maintaining healthy financial position, endeavour to reduce financing costs, and improve capital turnover efficiency to provide concrete protection of financial resources for its business development.

Corporate Prospect

Looking forward, the Group is very confident for the continuous growth of its performance in future. The Group will continue to implement its strategy of intensifying the development in Shenzhen, increase quality land reserves in Shenzhen, continuously optimize the structure of its land reserves, focus on both holding and development, improve cost control and operation standard, accelerate the assets turnover, improve the assets and liabilities and cash flow management. It is committed to maximize the value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Results

During the year, the Group achieved a turnover of HK$9,778.8 million from the continuing operations, representing an increase of 17.6% over the same period of last year. Gross profit margin was 36.8%, representing an increase of 0.8 percentage point over the same period of last year. Profit attributable to shareholders was HK$2,738.4 million, representing an increase of 27.0% over the same period of last year. If excluding the net effect on the changes in fair value of investment properties attributable to the Group, gain on bargain purchase and provision for the investment in Coastal Greenland, profit attributable to shareholders was HK$1,786.9 million, which increased by 9.0% over the same period of last year. Basic earnings per share were HK$58.97 cents, representing a decrease of 0.4% over the same period of last year.

Property Development And Sales

During the year, sales of the major properties of the Group were satisfied. The Group achieved net sales revenue of HK$7,204.9 million in property development, which was mainly generated from property sales and land sales.

During the year, the Group recorded 538,565 square meters in property sales (excluding the interests attributable to the Group in its three principal associates), representing an increase of 2.0% over the same period of last year and achieved a net revenue in property sales of RMB5,622.8 million (equivalent to HK$7,040.2 million) (net of business tax), representing an increase of 17.1% over the same period of last year. Gross profit margin of property sales was 40.9%, representing an increase of 1.7 percentage points over the same period of last year.

During the year, the Group completed all procedures for the transfer of a land parcel in Changsha, for which a net revenue in land sales of RMB131.4 million (equivalent to HK$164.7 million) and gross profit of HK$108.6 million were recorded.

Table of Property Sales Booked

Property Name	Location	Type	Sales area (sqm)	Unit price (RMB/sqm)	Net sales (RMB Million)
Wanlin Lake	Huizhou	Residential/ Shops	15,724	8,950	141
Noah Mountain Forest	Changsha	Residential/ Shops	2,865	5,410	15
Rui Cheng Phase 1.1	Changsha	Residential	16,267	5,259	86
Garden Hill	Huizhou	Residential/ Shops	23,095	4,826	111
Splendid city	Jiangyan	Residential/ Shops	28,884	4,256	123
European-view Garden	Dongguan	Residential	21,607	5,968	129
Terra Building	Shenzhen	Office buildings	37,052	43,720	1,620
Seaview Garden	Shenzhen	Residential	966	43,893	42
Nanhu Rose Bay	Wuhan	Residential/ Shops	53,188	8,747	465
Yihu Rose Garden	Chengdu	Residential/ Shops	16,509	5,217	86
Purple Kylin Hill	Shenzhen	Residential	7,616	15,059	115
Royal Garden	Shenzhen	Residential	22,089	9,476	209
Noble Times	Shenzhen	Residential/ Shops	82,732	10,778	892
Royal Spring Garden	Dongguan	Residential/ Shops	631	6,710	4
Shumyip City	Shunde, Foshan	Residential/ Shops	93,791	6,308	592
Yundonghai	Sanshui, Foshan	Residential	11,473	10,507	121
Saina Bay	Heyuan	Residential	15,991	9,111	146
Qingshuihe Auto Park Phase 1	Shenzhen	Shops	9,023	22,573	203
Shum Yip Huafu	Maanshan	Residential	79,062	6,610	523
Total			538,565	10,440	5,623

During the year, the Group achieved 729,469 square meters in contracted sales area and contracted sales income of approximately RMB9,010 million, representing an increase of 47.1% over the same period of last year.

2013 Annual Contracted Sales Table

Project	City	Type	Accumulated sales area for the year (sqm)	Accumulated sales for the year (RMB million)	Pre-sale unit price (RMB/sqm)
UpperHills	Shenzhen	Apartment	20,755	1,304	62,852
Shumyip Huafu Phase I	Changzhou	Residential	4,874	47	9,683
Shumyip Huafu Phase I.1	Maanshan	Residential	26,547	185	6,986
Noble Times	Shenzhen	Residential	50,877	675	13,271
Royal Spring Garden	Dongguan	Car Park	426	4	8,398
Jiangyue Bay (Jinshazhou Project)	Guangzhou	Residential	68,954	1,082	15,685
Saina Bay	Heyuan	Residential	17,855	193	10,835
Shumyip City	Shunde, Foshan	Residential	76,395	531	6,949
Royal Garden	Shenzhen	Residential	35,746	321	8,991
Yundonghai Phase I South Area (Land 2 low-rise housing)	Sanshui, Foshan	Residential	20,730	222	10,692
Purple Kylin Hill	Shenzhen	Residential	7,037	132	18,796
Garden Hill	Huizhou	Residential	12,020	107	8,903
Splendid city	Taizhou	Residential	44,750	211	4,713
European-view Garden	Dongguan	Residential	53,213	361	6,778
Noah Mountain Forest Last Phase	Changsha	Residential	256	1	3,941
Rui Cheng	Changsha	Residential	69,907	348	4,983
Wanlin Lake	Huizhou	Residential	72,823	494	6,781
Liantang existing property	Shenzhen	Dormitory	13,920	230	16,526
Qingshuihe Auto Park Phase I	Shenzhen	Complex	11,349	280	24,653
Yihu Rose Garden	Chengdu	Residential	16,613	69	4,166
Terra Building	Shenzhen	Industrial	46,548	1,672	35,903
Nanhu Rose Bay	Wuhan	Residential	57,874	541	9,339
Total			729,469	9,010	12,351

Project Development And Land Reserves

During the year, the Group had a new construction area of approximately 2.1 million square meters.

Project Name and Phrases	City	Nature of land use	Planned GFA	Saleable area
			(sqm)	*(sqm)*
Shumyip Huafu Phase 1.2	Maanshan	Residential	85,000	65,000
Shumyip Huafu project Phase 2	Changzhou	Residential	129,063	98,846
Jiangyue Bay(Jinshazhou) Phase 2	Guangzhou	Residential	155,266	122,005
Jiangyue Bay(Jinshazhou) Government housing	Guangzhou	Residential	6,392	–
Splendid city Phase 2.2	Taizhou	Residential	100,807	96,325
Shumyip city phase 3.1a	Foshan	Residential	165,671	113,509
Shumyip city phase 3.1b	Foshan	Residential	115,383	73,071
Wainlin lake Phase 8.3	Huizhou	Residential	124,227	61,488
Wainlin lake Phase 8.4	Huizhou	Residential	62,951	62,095
Ruicheng Phase 2.1	Changsha	Residential	130,651	92,072
UpperHills South	Shenzhen	Commercial/ office buildings	650,190	244,000
Tanglang Property*	Shenzhen	Complex	261,510	182,000
Sungang Project Phase 1	Shenzhen	Complex	120,000	60,000
Total			2,107,111	1,270,411

* The relevant procedures for the Tanglang Project transactions were completed in January 2014. The Company has 50% of interest in that project. The project will be accounted for using the equity method.

During the year, the Group had a completed area of approximately 0.94 million square meters.

Project Name and Phrases	City	Nature of land use	Planned GFA *(sqm)*	Saleable area *(sqm)*
Shumyip Huafu Phase 1.1	Maanshan	Residential	226,905	171,115
Noble Times Phase 2	Shenzhen	Residential	132,490	109,481
Shumyip City Phase 2	Shunde	Residential	200,224	128,889
Saina Bay Phase 1.E	Heyuan	Residential	25,751	18,188
Wanlin Lake Phase 8.1	Huizhou	Residential	79,182	52,517
Ruicheng Phase 1.2a	Changsha	Residential	130,322	97,746
Qingshuihe Auto park Phase 1	Shenzhen	Complex	41,900	15,050
Nanhu Rose Bay Phase 3 villas (66-69#)	Wuhan	Residential	5,857	5,082
Nanhu Rose Bay Phase 3. IV (39-41#)	Wuhan	Residential	51,161	45,763
Yihu Rose Garden Phase 1.1 4#	Chengdu	Complex	13,833	6,410
Yihu Rose Garden Phase 1.2 12#	Chengdu	Complex	28,966	27,244
Total			**936,591**	**677,485**

Asset Injection And Gain On Bargain Purchase

During the year, the Company entered into an agreement with Shum Yip Holdings, the parent company, to acquire the 100% of interest in Kezhigu project, located at Futian District, from its parent company at the consideration satisfied by way of allotment and issue of 1,410,117,262 consideration shares to Shum Yip Holdings. The issue price of the consideration share is HK$3.667 per share, which represented a premium of 9.1% to the closing price on the date preceding the announcement of the transaction. The closing price of the Company's ordinary share was HK$3.29 per share on the completion date of the transaction, the fair value of the consideration shares was determined to be HK$4,639,286,000 accordingly. (For details, please refer to the circular dated 28 March 2013).

The transaction was a major and connected transaction which had been approved at the extraordinary general meeting held on 18 April 2013 and completed on 31 May 2013. The Group recorded a gain of HK$637.9 million on bargain purchase of the transaction and was recorded as profit for the year.

Land Reserves

During the year, the Group effectively implemented the strategy of intensifying the development in Shenzhen and newly added 4 projects all situated in Shenzhen, a land reserve with gross floor area of approximately 1.27 million square meters, which improved the land reserve quality substantially.

Newly Added Lands

Project Name	GFA *(ten thousand sqm)*	Location	Type	Interest *Percentage (%)*	Acquisition Costs *(RMB billion)*	Remark
UpperHills	78.89	Futian	Complex	100%	9.6**	An asset injection project with construction started in 2012, apartment sales in 2013, and LOFT sales scheduled in 2015.
Tanglang Project	26.15	Nanshan	Complex	50%	1.208*	A cooperation project with construction started in 2013 and sales scheduled in 2015.
Guanlan Rose Garden	12.5	Baoan	Residential	38%	TBC by land authority	A redevelopment project having developing entity qualification, with construction and sales scheduled in 2014 and 2015.
Chegongmiao redevelopment Phase 1	10	Futian	Complex	75%	TBC by land authority	A redevelopment project having developing entity qualification, with construction and sales scheduled in 2014 and 2016.

* The relevant procedures for the Tanglang Project transaction were completed in January 2014. The percentage of interest attributable to the Company in this project is 50%, which will be accounted for using the equity method.

** The acquisition costs for UpperHills include consideration shares, outstanding payment of land premium to the Land Ministry and undertake the debts of the project company, etc.

As of the end of December 2013, the Group had a total gross land reserve of 11.59 million square meters (in gross floor area) with an attributable gross floor area of 10.39 million square meters (excluding the interests attributable to the Group in its three principal associated companies). Of which, the total gross floor area of projects under construction was approximately 3.28 million square meters and the attributable gross floor area was 3.1 million square meters.

Table of land reserves by city distribution (as at 31 December 2013)

	GFA *(sqm)*	**Attr. GFA** *(sqm)*	**Interest Percentage** *(%)*
Shenzhen	1,862,100	1,584,919	16
Huizhou	1,757,884	1,623,936	15
Foshan	1,140,931	1,140,931	10
Dongguan	54,131	54,131	–
Heyuan	938,750	938,750	8
Guangzhou	350,338	350,338	3
Wuhan	1,010,252	530,382	9
Changsha	540,515	540,515	5
Maanshan	1,175,571	1,175,571	10
Chaohu	100,000	100,000	1
Taizhou	1,372,206	1,372,206	12
Changzhou	162,263	162,263	1
Chengdu	913,955	599,291	8
Other	215,952	215,952	2
	11,594,848	10,389,185	100

Mobilization of Inefficient Assets

The Group proactively to dispose of certain projects in third and fourth-tier cities. During the year, the Group signed a supplemental agreement with local government of Sanshui, Foshan in regard of the unpaid and undelivered land site (with land area of 585,000 square meters) of the Yundonghai project in Sanshui. According to the agreement, the Group's obligation on paying the corresponding land premium of RMB700 million was terminated. The termination of payment on unpaid and undelivered land caused no penalty charge, nor gains (losses), but it will significantly reduce the Group's future capital expenditure on the project.

Other Connected Transaction And Continuing Connected Transaction

During the year, the Group underwent an internal restructuring in relation to the shareholding interest of Wuai, its non wholly-owned subsidiary, whereby Shum Yip Taifu Logistics, a subsidiary owned by the Group, acquired the Wuai equity interest and assign its rights and interests in the Wuai shareholder's loan from Shum Yip Shumkang, another non wholly-owned subsidiary of the Group, at an aggregate consideration of RMB229 million. Meanwhile, the Group sold the 80% Shumkang equity interest to Shum Yip Holdings, a substantial shareholder of the Company, at a consideration of RMB340 million. Shum Yip Shumkang is principally engaged in city taxi services and transport business. (For details, please refer to the announcement dated 31 December 2013)

During the year, Nongke Property, a wholly-owned subsidiary of Shum Yip Holdings, the parent of the Company, appointed Shum Yip Land, a wholly owned subsidiary of the Company as its agent to sell residential units located in Shenzhen City, the PRC. Both parties entered into an estate agency agreement. The transaction is a continuing connected transaction. (For details, please refer to the announcement dated 8 April 2013)

Property Investments

During the year, the Group's property investment business continued to maintain a steady growth. The total area of our investment properties was over 900,000 square meters, with an achieved rental income of HK$547.9 million for the year, representing an increase of approximately 9.7 % over the same period of last year. During the year, as a result of the increase in total rental area, the optimization of investment property portfolio and the increase in rental income, the Group recorded a revaluation gain of HK$624.0 million in its investment property portfolio in which it had already been recorded as profit for this year.

Joint Venture

During the year, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) made a net profit contribution of HK$219.2 million to the Group, representing an increase of 351.7% over the same period of last year. The principal activity of this company is to provide relevant services to local governments in primary land development.

Associates' Results

During the year, the performance of associates invested by the Group was within expectation. Of which, Shenzhen Tianan Cyber Park (Group) Co. Ltd., made a net profit contribution of HK$544.0 million to the Group, representing a decrease of 4.7% over the same period of last year. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK$289.2 million to the Group, representing an increase of 53.4% over the same period of last year. Coastal Greenland Limited, a listed company in Hong Kong, made a loss of HK$10.0 million to the Group, as compared with a gain of HK$74.2 million for the same period of last year. The Group made a provision for impairment of the investment in Coastal Greenland of HK$96.0 million according to the accounting standard.

Financial Position

As at 31 December 2013, the Group's total bank loans and other borrowings amounted to HK$24,289.4 million, of which HK$21,297.9 million were floating-rate loans, and the rest were fixed rate loans. Long-term loans amounted to HK$12,167.5 million, representing approximately 50.1% of total borrowings, and short-term loans were HK$12,121.9 million, representing approximately 49.9% of total borrowings.

As of 31 December 2013, the Group's cash balance (including pledged deposits and restricted cash) was HK$7,478.3 million, of which approximately 80.6% and 19.4% were denominated in Renminbi and other currencies respectively (mainly in US$ and HK$). The Group's main operating cash inflow was denominated in Renminbi, while the assets held and debts committed are mainly stated in Renminbi and US$ unit, the exchange rate movements will not have significant financial impact to the Group in the short-run as expected.

As at 31 December 2013, the Group had net assets (excluding non-controlling interests) of HK$25,337.8 million, the net gearing ratio with the liabilities including bank loans and other borrowings only was 66.3% and the net gearing ratio with the liabilities including all the other liabilities carrying interest was 87.3%. The gross gearing ratio (the ratio of total liabilities over total assets) was 64.1%.

Table of Financial Position

	31 December 2013 *HK$ million*	31 December 2012 *HK$ million*
Bank loans and other borrowings	**24,289.4**	22,210.4
Long-term debts	**12,167.5**	13,236.2
Short-term debts	**12,121.9**	8,974.2
Floating-rate debts	**21,297.9**	18,578.2
Cash (including pledged deposits and restricted cash)	**7,478.3**	7,305.8
The net gearing ratio with the liabilities including bank loans and other borrowings only	**66.3%**	84.9%
The net gearing ratio with the liabilities including all the other liabilities carrying interest	**87.3%**	86.4%

Pledge of Assets And Contingent Liabilities Position

As at 31 December 2013, the Group had total loans of HK$3,764.2 million that were pledged with assets (For details, see note 13 to the financial information).

As at 31 December 2013, the Group has given guarantees to a maximum extent of approximately HK$3,193.0 million to banks for housing loans extended by the banks to the purchasers on the Group's properties (For details, see note 15 to the financial information).

Capital Structure

As at 31 December 2013, Shum Yip Holdings, the parent of the Company was interested in approximately 60.59% of the Company, and was the largest shareholder of the Company.

During the year, a total of 10,570,230 share options were exercised. During the year, the Company did not buy-back any of its Shares.

During the year, the Company issued a total of 157,340,008 shares to the shareholders who had elected to receive their 2012 final dividend by way of scrip dividends, and a total of 74,012,397 shares to the shareholders who have elected to receive their 2013 interim dividend by way of scrip dividends, of which, Shum Yip Holdings, the largest shareholder, received its dividends in full in the form of scrip dividends, totalling 126,098,029 shares for its 2012 final dividend and 68,738,416 shares for its 2013 interim dividend.

In the year, the Company issued 1,410,117,262 shares to its substantial shareholder, Shum Yip Holdings, which was used to satisfy the consideration for the acquisition of Kezhigu project.

As at 31 December 2013, the issued share of the Company was 5,381,055,305 shares (31 December 2012: 3,729,015,408 shares).

Staff Headcount And Remuneration

As at 31 December 2013, the Group had a total staff number of 17,264 of which 34 were stationed in Hong Kong (mainly managerial and finance-related personnel), and the rest were in China.

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

Subsequent Events

In January 2014, the Company entered into a conditional agreement with Shum Yip Holdings, the parent of the Company, to acquire 100% stake in Shenzhen Nongke Holdings Company Limited (Nongke) for RMB5.623 billion, of which, 50% of the consideration will be settled by cash and 50% will be settled by new shares issuance to the parent company. Around 1.1 billion new shares will be issued to Shum Yip Holdings at HKD3.286 per share, represent 21.7% premium to the closing price of the last trading date (27 January 2014).

Nongke is an indirect subsidiary wholly-owned by Shum Yip Holdings. It engages in property development and investment, property management, garden design and construction, manufacture and sale of agricultural products. Nongke owns valuable lands and property assets in Shenzhen downtown, and the property business became its largest segment. The property investment and development division and the property management division accounted for 94.9% of the total segment revenue and 98.6% of the total segment assets of Nongke in December 2013. As at the announcement date, a total gross floor area attributable to Nongke was around 385,000 square meters including mainly undeveloped land, investment properties and self-occupied properties.

Core assets owned by Nongke mainly includes: (1) Mingren project: this project is located in Honey Lake area of Futian District, with land area of 39,158 square meters and gross floor area of 259,300 square meters. It is planned to be a complex project with residential and serviced apartments of 141,185 square meters, office of 80,547 square meters, hotel of 7,200 square meters, commercial spaces of 20,000 square meters and other facilities. There is also outstanding land premium of RMB3.305 billion in this project. The project is scheduled to be commenced in 2014 and presale will be launched in 2015. (2) Tianyu Xiangshan Project: this project is located in Honey Lake, which has almost been sold out in 2013. (3) Investment property in Honey lake area: key properties include units in Times Technology Buildings, units in Nongke Oasis Office Tower, and some residential units in Xiangzhu Garden, Longxi Garden, and Xiangli Garden, etc. (4) Creditor's right about the ultimate parent: the net amounts due from ultimate parent to Nongke are around RMB1.2 billion, and Shum Yip Group has to repay by completion of the transaction. (For details, please refer to the announcement dated 27 January 2014).

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK12.00 cents per share for the year ended 31 December 2013 (2012: final dividend of HK11.00 cents) to shareholders whose names appear on the register of members of the Company on Thursday, 26 June 2014. Together with the interim dividend of HK7.00 cents per share which was paid on 12 November 2013, the total dividend for the year ended 31 December 2013 will amount to HK19.00 cents per share (2012: HK18.00 cents per share).

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

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the forthcoming annual general meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

A circular containing details of the Scrip Dividend Scheme together with relevant election form will be sent to shareholders on or around Friday, 25 July 2014. It is expected that the certificates for the scrip shares, and cheques for cash dividends, will be sent to shareholders on or about Thursday, 21 August 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("Annual General Meeting") will be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 19 June 2014 at 10:00 a.m.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 16 June 2014 to Thursday, 19 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 13 June 2014.

To ascertain the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 25 June 2014 to Thursday, 26 June 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 24 June 2014.

RETIREMENT OF DIRECTORS

In accordance with Article 92 of the Articles of Association, Mr. GAO Shengyuan and Dr. WONG Yau Kar David who were appointed as directors to fill a casual vacancy will hold office only until the next following general meeting and shall then be eligible for re-election.

In accordance with Article 101 of the Articles of Association, Mr. LU Hua, Mr. MOU Yong and Mr. HUANG Yige will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-election.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code set out in Appendix 14 of the Listing Rules ("Code") and complied with all provisions of the Code throughout the year of 2013 except the following matters.

In respect of Code provision A.2.1, Mr. LU Hua performed both duties of Acting-Chairman and President up to 31 January 2013 due to the resignation of the former chairman last year. Subsequently, Mr. LU Hua has been re-designated as the Chairman of the Board and Mr. GAO Shengyuan has been appointed as the President of the Company since 31 January 2013.

Following Mr. WONG Po Yan's retirement at the Annual General Meeting in 2013 ("2013 AGM"), Mr. WONG also ceased to be the chairman of Nomination Committee and Remuneration Committee and a member of Audit Committee, the Board resolved to appoint Dr. WONG Yau Kar, David as an independent non-executive director as well as the chairman of Nomination Committee and Remuneration Committee and a member of Audit Committee after the conclusion of the 2013 AGM to replace Mr. WONG's vacancy.

In respect of the Code amendments relating to the board diversity came into effect on 1 September 2013, the Board took time to consider a board diversity policy appropriate to the Company's own business model and specific need and has adopted its diversity policy on 31 March 2014 subsequently.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar, David. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the 2013 final results and the audited consolidated financial statements for the year ended 31 December 2013.

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

On behalf of
Shenzhen Investment Limited
LU Hua
Chairman

Hong Kong, 31 March, 2014

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