深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 604)

2015 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue up 33.3% to HK$18,428.2 million; gross profit up 56.5% to HK$6,374.5 million; gross profit margin increased 5.1 percentage points to 34.6%;
- Profit attributable to shareholders was HK$2,868.8 million, down 8.4% over the same period of last year; if excluding the net effect of the changes in fair value of investment properties of the Group and provision to the land projects in the third and fourth-tier cities for the year, and gain on a bargain purchase and provision for impairment of investment in Coastal Greenland in the same period of last year, profit attributable to shareholders was HK$2,158.7 million, increased 32.9% over the same period of last year;
- Net gearing ratio (including all interest-bearing liabilities) down substantially by 43.4 percentage points to 36.5%;
- Contracted sales up significantly by 116% to RMB16 billion, exceeding the sales target for the year by 45.5%; and
- Proposed the payment of a final dividend of HK13.00 cents per share. Together with the interim dividend of HK3.00 cents per share already paid, the total dividend for the whole year amounts to HK16.00 cents per share.

The board of directors (the "**Board**") of Shenzhen Investment Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CONTINUING OPERATIONS			
REVENUE	4	**18,428,172**	13,827,105
Cost of sales		**(12,053,688)**	(9,754,161)
Gross profit		**6,374,484**	4,072,944
Other income and gains	4	**615,289**	2,449,129
Increase/(decrease) in fair value of equity investments at fair value through profit or loss, net		**580**	(1,522)
Increase in fair value of investment properties		**1,082,176**	764,085
Recognition of change in fair value of completed properties held for sale upon transfer to investment properties		**432,102**	846,820
Selling and distribution expenses		**(483,087)**	(412,084)
Administrative expenses		**(867,298)**	(1,000,185)
Other expenses		**(542,978)**	(820,054)
Finance costs	6	**(708,484)**	(742,762)
Share of profits and losses of:			
Joint ventures		**7,092**	46,484
Associates		**600,753**	650,117
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**6,510,629**	5,852,972
Income tax expense	7	**(3,423,377)**	(2,348,878)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**3,087,252**	3,504,094
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	1,947
PROFIT FOR THE YEAR		**3,087,252**	3,506,041

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
Year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Attributable to:			
Owners of the parent		**2,868,796**	3,131,316
Non-controlling interests		**218,456**	374,725
		3,087,252	3,506,041
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– For profit for the year		**HK40.56 cents**	HK53.62 cents
– For profit from continuing operations		**HK40.56 cents**	HK53.62 cents
Diluted			
– For profit for the year		**HK40.56 cents**	HK53.60 cents
– For profit from continuing operations		**HK40.56 cents**	HK53.60 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**3,087,252**	3,506,041
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(6,261)**	29,688
Income tax effect	**1,565**	(4,252)
	(4,696)	25,436
Share of other comprehensive loss of associates	**(175,080)**	(55,986)
Exchange differences on translation of foreign operations	**(1,767,065)**	(823,940)
Exchange fluctuation reserve released upon disposal of a subsidiary and deemed disposal of equity interest in an associate	**–**	(131,230)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(1,946,841)**	(985,720)
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of property, plant and equipment	**–**	242,536
Income tax effect	**–**	(60,634)
	–	181,902
Share of other comprehensive (loss)/income of associates	**(72)**	1,640
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	**(72)**	183,542
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,946,913)**	(802,178)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,140,339**	2,703,863
Attributable to:		
Owners of the parent	**1,038,058**	2,350,324
Non-controlling interests	**102,281**	353,539
	1,140,339	2,703,863

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,144,176**	3,240,502
Prepaid land lease payments		**40,355**	43,237
Goodwill		**322,542**	322,765
Investment properties		**20,908,173**	20,018,594
Investments in associates		**6,310,203**	6,134,980
Investments in joint ventures		**565,134**	1,904,139
Available-for-sale investments		**123,684**	140,471
Other long term assets		**1,778,889**	1,793,370
Deferred tax assets		**1,386,915**	1,213,842
Breeding biological assets		**7,075**	7,200
Total non-current assets		**35,587,146**	34,819,100
CURRENT ASSETS			
Inventories		**98,803**	136,448
Completed properties held for sale		**9,031,517**	14,708,217
Properties under development		**30,311,525**	30,794,948
Trading biological assets		**9,576**	10,188
Trade receivables	*10*	**528,154**	714,764
Prepayments, deposits and other receivables		**1,696,026**	3,660,743
Equity investments at fair value through profit or loss		**3,696**	3,116
Pledged deposits		**–**	31,228
Restricted cash		**4,110,729**	1,250,679
Cash and cash equivalents		**9,708,046**	8,375,476
Total current assets		**55,498,072**	59,685,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2015

	Note	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000* (Restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**5,274,153**	12,057,310
Trade payables	*11*	**1,013,126**	4,314,398
Other payables and accruals		**13,920,890**	9,975,943
Due to the immediate holding company		**158,301**	51,171
Due to the ultimate holding company		**3,816,007**	3,054,840
Tax payable		**6,494,559**	5,389,732
Total current liabilities		**30,677,036**	34,843,394
NET CURRENT ASSETS		**24,821,036**	24,842,413
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,408,182**	59,661,513
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**16,100,940**	17,341,508
Due to the immediate holding company		**348,894**	323,208
Due to the ultimate holding company		**965,897**	1,412,597
Deferred income		**32,088**	28,183
Deferred tax liabilities		**7,391,297**	7,782,382
Total non-current liabilities		**24,839,116**	26,887,878
Net assets		**35,569,066**	32,773,635
EQUITY			
Equity attributable to owners of the parent			
Share capital		**17,478,481**	14,564,800
Other reserves		**15,847,384**	15,931,060
		33,325,865	30,495,860
Non-controlling interests		**2,243,201**	2,277,775
Total equity		**35,569,066**	32,773,635

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

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

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

2.1 BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and 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 (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014

The nature and the impact of each amendment are described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group during the year.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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 these financial statements.

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

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date is determined but is available for early adoption.

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

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

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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 hotel operations, manufacture and sale of aluminum alloy products and agricultural products, design and construction of gardens and other businesses.

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

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

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

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

Year ended 31 December 2015	**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	**15,056,911**	**789,473**	**1,369,006**	**430,800**	**781,982**	**18,428,172**
Intersegment sales	**–**	**7,060**	**25,913**	**–**	**148,154**	**181,127**
	15,056,911	**796,533**	**1,394,919**	**430,800**	**930,136**	**18,609,299**
Reconciliation						
Elimination of intersegment sales						**(181,127)**
Revenue						**18,428,172**

Year ended 31 December 2015	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacture *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment results before increase in fair value of investment properties	4,853,632	610,977	84,901	11,438	(58,830)	5,502,118
Increase in fair value of investment properties	–	1,082,176	–	–	–	1,082,176
Recognition of change in fair value of completed properties held for sale upon transfer to investment properties	–	432,102	–	–	–	432,102
Segment results after increase in fair value of investment properties	4,853,632	2,125,255	84,901	11,438	(58,830)	7,016,396
Reconciliation						
Elimination of intersegment results						(30,621)
Finance income						344,594
Dividend income and unallocated gains						27,066
Fair value gains of the financial instruments, net						580
Corporate and other unallocated expenses						(138,902)
Finance costs						(708,484)
Profit before tax						6,510,629
Segment assets	48,747,765	22,729,484	162,570	184,983	3,924,577	75,749,379
Reconciliation						
Corporate and other unallocated assets						15,335,839
Total assets						91,085,218
Segment liabilities	16,624,958	1,057,481	623,955	39,371	499,493	18,845,258
Reconciliation						
Corporate and other unallocated liabilities						36,670,894
Total liabilities						55,516,152
Other segment information:						
Depreciation	66,968	17,927	10,903	8,403	51,735	155,936
Amortisation of prepaid land lease payments	–	–	–	–	1,309	1,309
Share of profits and losses of associates	336,962	207,355	10,507	–	45,929	600,753
Share of profits and losses of joint ventures	7,092	–	–	–	–	7,092
Impairment of properties under development	118,272	–	–	–	–	118,272
Impairment of completed properties held for sale	254,118	–	–	–	–	254,118
Investments in associates	6,039,866	80,084	28,613	15,133	146,507	6,310,203
Investments in joint ventures	431,534	–	–	–	133,600	565,134
Capital expenditure *	6,094,347	816,255	5,792	18,913	8,600	6,943,907

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

Year ended 31 December 2014	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacture *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to customers	10,938,147	681,151	1,211,043	432,899	563,865	13,827,105
Intersegment sales	–	5,622	15,839	–	111,376	132,837
	10,938,147	686,773	1,226,882	432,899	675,241	13,959,942
Reconciliation						
Elimination of intersegment sales						(132,837)
Revenue						13,827,105
Segment results before increase in fair value of investment properties	2,460,309	507,624	55,922	1,256	(9,245)	3,015,866
Increase in fair value of investment properties	–	764,085	–	–	–	764,085
Recognition of change in fair value of completed properties held for sale upon transfer to investment properties	–	846,820	–	–	–	846,820
Segment results after increase in fair value of investment properties	2,460,309	2,118,529	55,922	1,256	(9,245)	4,626,771
Reconciliation						
Elimination of intersegment results						(45,944)
Finance income						768,649
Dividend income and unallocated gains						40,207
Gain on a bargain purchase						1,069,722
Gains on disposal of subsidiaries						395,704
Loss on deemed disposal of equity interest in an associate						(59,225)
Fair value loss on financial instruments, net						(1,522)
Corporate and other unallocated expenses						(198,628)
Finance costs						(742,762)
Profit before tax						5,852,972
Segment assets	56,089,928	22,736,199	160,784	172,823	4,331,038	83,490,772
Reconciliation						
Corporate and other unallocated assets						11,014,135
Total assets						94,504,907
Segment liabilities	15,395,207	1,850,390	486,945	39,575	944,574	18,716,691
Reconciliation						
Corporate and other unallocated liabilities						43,014,581
Total liabilities						61,731,272

Year ended 31 December 2014	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacture HK$'000	Others HK$'000	Total HK$'000
Other segment information:						
Depreciation	34,317	13,805	12,256	12,242	76,829	149,449
Amortisation of prepaid land lease payments	–	–	–	–	1,600	1,600
Share of profits and losses of associates	464,342	151,525	6,244	–	28,006	650,117
Share of profits and losses of joint ventures	(6,299)	–	–	–	52,783	46,484
Impairment of an investment in an associate	149,000	–	–	–	–	149,000
Impairment of properties under development	287,893	–	–	–	–	287,893
Impairment of completed properties held for sale	169,472	–	–	–	–	169,472
Loss on deemed disposal of equity interest in an associate	59,225	–	–	–	–	59,225
Investments in associates	5,833,837	85,552	19,368	15,133	181,090	6,134,980
Investments in joint ventures	1,625,678	–	–	–	278,461	1,904,139
Capital expenditure*	16,767,989	521,955	10,674	6,833	15,725	17,323,176

As the Group generates substantially all of its revenue from customers domiciled in Mainland China and most of its non-current assets are located in Mainland China, no geographical information is presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, 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 from continuing operations is as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Revenue		
Sale of properties	**15,056,911**	10,938,147
Gross management fee income	**1,369,006**	1,211,043
Gross rental income from investment properties	**789,473**	681,151
Sale of commercial and industrial goods	**430,800**	432,899
Others	**781,982**	563,865
	18,428,172	13,827,105
Other income		
Bank interest income	**72,526**	80,878
Interest income from joint ventures	**191,723**	399,795
Finance income from independent third parties	**80,345**	287,809
Estate agency fee income from a fellow subsidiary	**–**	9,220
Others	**244,393**	129,685
	588,987	907,387
Gains		
Gain on disposal of a held-for-trading investment	**–**	1,109
Gain on disposal of items of property, plant and equipment	**–**	11,523
Gain on disposal of investment properties	**26,302**	63,684
Gain on bargain purchases	**–**	1,069,722
Gain on disposal of subsidiaries	**–**	395,704
	26,302	1,541,742
Other income and gains	**615,289**	2,449,129

5. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Cost of properties and inventories sold	**9,842,550**	7,895,780
Cost of services provided	**2,211,138**	1,858,381
Auditors' remuneration	**5,250**	5,250
Depreciation	**155,936**	149,449
Impairment of trade receivables	**844**	32
Reversal of impairment of trade receivables	**(157)**	(86)
Impairment of other receivables	**3,264**	13,170
Impairment of an investment in an associate*	**–**	149,000
Impairment of properties under development*	**118,272**	287,893
Impairment of completed properties held for sale*	**254,118**	169,472
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**98,224**	98,852
Minimum lease payments under operating leases in respect of land and buildings	**7,137**	4,626
Amortisation of prepaid land lease payments	**1,309**	1,600
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**965,971**	860,336
Equity-settled share option expense	**24,171**	18,020
Pension scheme contributions	**135,236**	120,341
Less: Amount capitalised	**(40,571)**	(25,754)
Net: Pension scheme contributions	**94,665**	94,587
	1,084,807	972,943
Foreign exchange differences, net	**(7,883)**	5,625
Rental income on investment properties less direct operating expenses of HK$98,224,000 (2014: HK$98,852,000)	**(691,249)**	(582,299)
Changes in fair value of contingent consideration payable to the immediate holding company	**33,136**	7,246
Gain on disposal of subsidiaries	**–**	(395,704)
Gain on disposal of items of property, plant and equipment	**–**	(11,523)
Gain on bargain purchases	**–**	(1,069,722)
Gain on disposal of held-for-trading investments	**–**	(1,109)
Gain on disposal of investment properties	**(26,302)**	(63,684)
Loss on deemed disposal of equity interest in an associate*	**–**	59,225

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**1,015,533**	1,455,878
Other borrowings	**139,641**	53,205
Loans from ultimate holding company	**214,268**	316,378
Loans from fellow subsidiaries	**7,575**	16,976
Loans from non-controlling shareholders	**7,705**	7,146
Total interest expense on financial liabilities not at fair value through profit or loss	**1,384,722**	1,849,583
Less: Interest capitalised	**(676,238)**	(1,106,821)
	708,484	742,762

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 (2014: Nil).

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

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at a statutory rate of 25% on their respective taxable income during the 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$1,937,337,000 is charged to the consolidated statement of profit or loss for the year (2014: HK$1,036,771,000).

	2015	2014
	HK$'000	*HK$'000*
Current CIT – Mainland China	**1,763,329**	1,060,943
LAT – Mainland China	**1,937,337**	1,036,771
Deferred CIT – Mainland China	**(277,289)**	251,164
Total tax charge for the year	**3,423,377**	2,348,878

The share of taxes attributable to associates and joint ventures amounting to HK$630,027,000 (2014: HK$636,362,000) is 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. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final dividend declared for 2014 – HK13.00 cents per share		
(2014: declared for 2013 – HK12.00 cents per share)		
Scrip shares	**4,846**	521,507
Cash	**954,759**	124,396
	959,605	645,903
Interim – HK3.00 cents (2014: HK3.00 cents) per ordinary share		
Scrip shares	**–**	–
Cash	**221,521**	199,682
	221,521	199,682
Proposed final dividend of HK13.00 cents		
(2014: final dividend of HK13.00 cents) per ordinary share	**959,922**	865,287
	1,181,443	1,064,969

On 30 March 2016, the board of directors proposed a final dividend of HK13.00 cents per share for the year ended 31 December 2015 (2014: HK 13.00 cents per share). The proposed final dividend will be paid in cash but shareholders will be given the option of receiving such dividend wholly in new fully paid share(s) of the Company in lieu of cash, or partly in cash and partly in the form of scrip shares.

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

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

The calculation of the basic earnings per share 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 7,073,029,529 (2014: 5,839,586,236) 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 basic and diluted earnings per share are based on:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations		
From continuing operations	**2,868,796**	3,129,758
From a discontinued operation	**–**	1,558
	2,868,796	3,131,316

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**7,073,029,529**	5,839,586,236
Effect of dilution – weighted average number of ordinary shares:		
Share options	**617,725**	1,974,878
	7,073,647,254	5,841,561,114

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**562,412**	749,058
Impairment	**(34,258)**	(34,294)
	528,154	714,764

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

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**513,645**	699,534
One to two years	**14,509**	15,230
	528,154	714,764

11. TRADE PAYABLES

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**518,661**	3,786,075
One to two years	**315,539**	481,171
Two to three years	**140,049**	8,183
Over three years	**38,877**	38,969
	1,013,126	4,314,398

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

12. PLEDGE OF ASSETS

Bank loans amounting to HK$1,917,604,000 (2014: HK$4,359,851,000) were secured by:

(i) certain of the Group's land and buildings in Mainland China with a net carrying amount of approximately HK$728,180,000 (2014: HK$1,104,045,000);

(ii) certain of the Group's completed properties held for sale with a net carrying amount of approximately HK$66,738,000 (2014: HK$16,419,000).

(iii) certain of the Group's properties under development with a net carrying amount of approximately HK$615,389,000 (2014: HK$1,962,590,000); and

(iv) certain of the Group's investment properties with a net carrying amount of approximately HK$1,884,717,000 (2014: HK$5,758,608,000).

In addition, Shum Yip Group, the ultimate holding company, have guaranteed certain of the Group's bank loans of HK$4,534,160,000 as at 31 December 2015 (2014: HK$3,747,300,000).

13. CAPITAL COMMITMENTS

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

	2015	2014
	HK$'000	*HK$'000*
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	**7,786,034**	7,347,594

In addition, the Group's share of a joint venture's own capital commitments, which are not included in the above, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Commitments in respect of the provision of property development service:		
Contracted, but not provided for	**393,960**	–

14. CONTINGENT LIABILITIES

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

(i) As at 31 December 2015, the Group has given guarantees to a maximum extent of approximately HK$8,857,658,000 (2014: HK$2,359,519,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties.

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

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

(ii) On 12 September 2014, Shum Yip Terra, a 75.05% owned subsidiary of the Company, and its wholly-owned subsidiary, Wuhan Shum Yip Terra Property Development Company Limited ("Wuhan Terra"), received a notification for the appointment of defender/application for legal aid during the prosecution review phase from The People's Procuratorate of Jianli County of Hubei Province (the "People's Procuratorate"), informing Shum Yip Terra and Wuhan Terra that materials in respect of the suspected corporate offence of bribery on both of them have been transferred to the Public Prosecution Bureau of the Procuratorate for prosecution review.

The People's Procuratorate considers that there were violations of the relevant regulations in the procedures in respect of a land transaction involved by Wuhan Terra which has caused a loss of state-owned land income, and the loss in the amount of approximately RMB316 million should be recovered from Shum Yip Terra. The People's Procuratorate has frozen certain bank accounts of Wuhan Terra and Shum Yip Terra. Further details of the matter are set out in the announcement of the Company dated 18 September 2014.

As at 31 December 2015, the balance of the frozen bank accounts of Wuhan Terra amounted to RMB540,000,000.

At the date of this announcement, Shum Yip Terra and Wuhan Terra have not yet received any notification from the People's Court regarding the prosecution filed by the People's Procuratorate.

15. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Notes	2015 HK$'000	2014 HK$'000
(1)	Shum Yip Group, the ultimate holding company:			
	– Interest expenses	*(i)*	**214,268**	316,378
	– Management fee income	*(ii)*	**3,331**	1,097
	– Rental income	*(iii)*	**4,068**	–
(2)	Shum Yip Holdings, the immediate holding company:			
	– Rental expenses	*(iii)*	**10,419**	6,004
(3)	Associates:			
	– Sales of products	*(iv)*	**111,483**	228,377
(4)	Fellow subsidiaries:			
	– Interest expenses	*(i)*	**7,575**	16,976
	– Estate agency fee income		**–**	9,220
	– Management fee income	*(v)*	**2,374**	1,312
	– Rental expenses	*(iii)*	**414**	–
(5)	Joint ventures:			
	– Interest income		**191,723**	399,795
(6)	Non-controlling shareholders			
	– Interest expenses	*(i)*	**7,705**	7,910

Notes:

(i) Interest expenses were calculated for the amounts which the Group had borrowed from Shum Yip Group, certain fellow subsidiaries and certain non-controlling shareholders. The interest rates charged for the balances ranged from the one-year benchmark lending rate of the People's Bank of China to 6% per annum.

(ii) Pursuant to the relevant agreements entered into between Nongke and Shum Yip Group on 27 January 2014, Shum Yip Group appointed Nongke to provide management services on its behalf in respect of (a) certain agricultural lands and related assets, and (b) the implementation plan of a property development project. Further details are set out in the circular of the Company dated 12 May 2014. Management fee income in respect of the management services as abovementioned of HK$2,097,000 and HK$1,234,000, respectively, was charged to Shum Yip Group for the year.

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

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

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

(vi) In the opinion of the directors, the above related party transactions were conducted on normal commercial terms and in the ordinary course of the Group's business. The directors of the Company confirmed that the Company has complied with the disclosure requirements in accordance with the Chapter 14A of the Listing Rules.

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE (CHAPTER 622 OF THE LAWS OF HONG KONG) (THE "COMPANIES ORDINANCE")

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

CHAIRMAN STATEMENT

In 2015, the differentiation of the real estate market in China has been accelerating. The performance in the real estate market in the first-tier cities of China, represented by Shenzhen, was prominent, with both the price and the trading volume increased, while the momentum in the real estate market in the third and fourth-tier cities was shrinking gradually, and de-stocking is still under great pressure.

As the financial and innovation center of China, Shenzhen, where numerous high-growth companies gathered, has a strong appeal to external population. The steady growth of the economy, large net inflows of foreign population, high net worth population growing continually, together with a clean urban environment, gave rise to vigorous rigid housing demand and housing upgrade demand in Shenzhen real estate market. However, the land and housing supply remaining insufficient in Shenzhen, together with strong supply-and-demand fundamentals contributed to the prosperity of Shenzhen real estate market throughout the year.

As a local enterprise grew up in Shenzhen, the Group put forward to the development strategy of "Intensifying the development in Shenzhen" in 2011 based on its deep understanding of Shenzhen, and then applied its strong ability to secure resources, to advance and implement the strategy steadily and gradually. Through the active efforts made by it in the past five years, the Group currently had a land reserve with a gross floor area of 2.2 million square meters in the core location of Shenzhen, realized a continuous optimization of land reserve structure, enhanced the profitability of product, and achieved a satisfactory results in terms of property sales, core business profitability and corporate finance, which all laid a solid foundation for the Group's sustainable profitability and transformation development in the future.

2015 RESULTS

During the year, the Group achieved a turnover of HK$18,428.2 million, representing an increase of 33.3% over the same period of last year. Profit for the year attributable to the shareholders was HK$2,868.8 million, representing a decrease of 8.4% over the same period of last year. If excluding the net effect of the changes in fair value of investment properties attributable to the Group and provisions to the land projects in the third and fourth-tier cities for the year and gain on a bargain purchase and provision for impairment of investment in Coastal Greenland Limited in the same period of last year, profit attributable to shareholders was HK$2,158.7 million, representing an increase of 32.9% over the same period of last year. Basic earnings per share were HK40.56 cents, representing a decrease of 24.4% over the same period of last year. The Board proposed the payment of a final dividend of HK13.00 cents per share for year 2015 in cash, with a scrip dividend alternative. Together with the interim dividend of HK3.00 cents per share already paid, the total dividend for the whole year amounts to HK16.00 cents per share.

Satisfactory Performance

In 2015, the Group seized the opportunities in Shenzhen real estate market to make great efforts to promote sales actively, and achieved a substantial increase in the contract sales. The Group completed a total contract sales for the year of RMB16 billion, representing a substantial increase of 116% over the same period of last year, to which, the projects in Shenzhen with higher profit margin contributed approximately 70%. In addition, the sales of the Group's projects in Eastern China also rebounded significantly.

The Group's contract sales scale in 2011 was approximately RMB4.5 billion, with five years' development, the Group's contract sales scale tripled and reached RMB16 billion, representing a compound growth rate of approximately 37%. The Group achieved a rapid development, also greatly enhanced the visibility of its future profit.

Implementing its Strategy of Intensifying the Development in Shenzhen, Acquiring Quality Assets

On 21 December 2015, the Company and its parent Shum Yip Holdings Company Limited entered into a conditional sale and purchase agreement to acquire 95% of the equity interest in Fairwind Power Limited at a price of RMB1.914 billion. Fairwind Power Limited, through its subsidiaries, holds Shum Yip Dong Ling project, a project located in Huangbeiling, Luohu District, Shenzhen, which is in close proximity to convenient transportation and comprehensive neighborhood amenities with a large population. The project has a total planned GFA of approximately 530,000 square meters and a capacity building area (excluding resettlement area) of approximately 250,000 square meters, which is comprised of Land A and Land B. Land A has been entered into the later stage of development, and is expected to commence its sale in 2016. Land B is under design stage. We expect that the project would bring a better return to the Company in the next three years.

In the past three years, the Group through three consecutive acquisitions of high quality assets in Shenzhen from its parent, took over the quality projects located in Shenzhen, namely Upper Hills, Shumyip Zhongcheng and Shum Yip Dong Ling, while actively secured Shenzhen urban renewal projects, strengthened its close cooperation with municipal state-owned enterprises, and acquired a quality land reserve with a capacity building area of 1.8 million square meters in Shenzhen. The Company's land reserve structure and asset quality have been optimized greatly and the profitability has been enhanced significantly.

Operation Services Based on Accumulated Strength, Preliminary Build Brand Advantage

In the field of asset light business that based on operation services, the Group acquired rich resources after many years of accumulation, with its operation capability increasingly enhanced and its brand image increasingly prominent. In respect of park operation, the Group has ten thousands of corporate customers in Chegongmiao and Tianan Cyber Park, and has over 20 years of experience in the business of parks operation. In respect of commercial operation, the Group has an international business operations team; in respect of residential property management, the Group has six property management companies with Grade I qualification in mainland China, covering over 40 million square meters of property management area. All the above laid a broad platform for the Group to strengthen and expand its property operation management services and enhance its return on asset light business.

Significant Improvement in Financial Position

The Group reinforced its sales proceeds collection and capital management, and gained a remarkable effect. As of 31 December 2015, the net gearing ratio (including all interest-bearing liabilities) of the Group decreased 43.4 percentage points to 36.5% as compared with that as of the end of 2014.

In June 2015, the Company grasped the time window of capital market to successfully place 670 million new shares to institutional investors at a placing price of HK$4.13 per share and raised approximately HK$2.7 billion, which replenished the Group's funds for future development effectively, and optimized the structure of the Group's assets and liabilities. The placement has been supported greatly by the shareholders and investors, I, on behalf of the Group, hereby extended my sincere thanks to the new and existing shareholders.

We will meet the expectations of the shareholders, continue to look for high quality assets, to enhance the operation efficiency of the Group, to facilitate the transformation of the profit model, so as to create a sustainable and stable return for shareholders.

OUTLOOK

As the global economic recovery is weakening, Chinese economy growth rate is slowing. Domestic economic structure optimization and upgrading, and lack of the driver of economic growth, has become new challenges under the new normal of the economy. China's real estate as a whole is showing a sign of slowing growth, differentiation of the industry is being accelerating, the difference among regions is becoming more obvious. Although loosening regulation and favorable house-purchase policies have a positive effect on the property sales in some third and fourth-tier cities, but in a whole, the de-stocking in these regions is still under great pressure. By contrast, the first-tier cities of China, represented by Shenzhen, especially the value of the property located in the core location of the cities, continues to be prominent, which has become the favorite place in the first-tier cities, and even in the heart of the high net worth people of China.

After the rapid growth in 2015, the price of assets in the first-tier cities is already at record levels, and controlling policies have been introduced in places like Shanghai and Shenzhen etc. one after another recently. I believe, in 2016, the real estate market in the first-tier cities of China, including Shenzhen, will develop steadily, and may have a slowing growth, but it still has a prosperous growth prospects. The reason being, Shenzhen has a healthy industry structure, huge rigid demand, employment population inflowing continuously, the largest group of high net worth population while the land supply is extremely scarce, all these factors will support the vigorous development of the real estate market in Shenzhen for a long time. We have confidence in the development of the real estate in the first-tier cities, especially in Shenzhen.

The property development and sales business is still the Group's major source of earnings and cash flows for a long time in the future and also a strong support to the transformation development of the Group. We will continue to firmly implementing the strategy of "Intensifying the development in Shenzhen", continue to vigorously increase our land reserve in Shenzhen and continuously enhance the quality of assets and the levels of return. While maintaining a steady growth in the scale of development and sales, we will increase quality investment property in the core area, and operate them efficiently, endeavor to realize a sustained growth in asset value and the contribution of rental income. At the same time, the Group will strengthen its efforts in control, integrate the product development and marketing capacity within the Group, further improve product branding and quality, enhance the efficiency of development, to provide better products and services for consumers and investors. Moreover, the Group will take an active part in the development of Shenzhen affordable housing and talent housing construction projects, and exert its professional ability and brand advantage in the aspect of real estate construction and operation, to explore business opportunities, and make contribution to the long-term healthy development of the real estate market in Shenzhen, and Shenzhen to become a more livable, more vitality and competitive city.

The Group will proactively build an operation service platform with core competitiveness, develop new industry and profit growth point. We will integrate and optimize the strength in the wisdom park operation, residential property services, commercial management operation within the Group, so as to increase service income, strengthen operation capacity and brand, and build a new core competences.

In addition, the Group will actively grasp the opportunity from state-owned enterprise reformation, leverage the capital market to facilitate property asset securitization. Leveraging on the incubation platform sponsored by the parent together with Tencent and Huawei, namely "urban dreamworks", we will enhance and release of the value of the business unit within the Group through incubation and cultivation.

2016 is the first year of the Group's "13th Five Year" Plan, for which we have set a more ambitious goal. On property sales, the Group has an annual saleable value of approximately RMB29 billion, of which, the saleable value in Shenzhen accounts for over 80%. The Group will strengthen market tracking, follow up closely market orientation, have "de-stocking, increase profits" as its goal, actively and flexibly promote the growth in sales. The Group has a contract sales target for the whole year of 2016 of RMB18.5 billion, representing an increase of approximately 16% as compared to the actual contracted sales for last year.

The Group will continue to leverage the advantage in cooperation with state-owned enterprises in Shenzhen, vigorously develop the resources in Shenzhen. We will make great efforts to increase the resources in the urban renewal projects, and actively participate in the land redevelopment in key districts such as Baoan, Longgang and Pingshan, in Shenzhen. At the same time, the Group will seize the national de-stocking policy to promote the property sales and disinvestment of the project in the third and fourth-tier cities, and speed up the optimization of land reserve structure.

The Group will integrate and take advantage of the resources, actively establish three main operation service centers, namely wisdom park operation centre, residential property services and commercial management operation centre. Through establishing a unified service platform, we will provide the customers in the park via internet with many value-added services, such as e-commerce, finance, government affairs and business, improve the operation level and increase operating income, facilitate the transformation to the asset light business with operations and services as the core. In addition, the Group will strengthen the cooperation with the hospital of the parent in medical business, to develop rehabilitation products for elderlies and medical rehabilitation care services in some of the property held by the Group.

I believe that, through unremitting efforts, the Group can, within the "13th Five Year" period, achieve a balance between growth in scale and value appreciation, and realize the continuous optimization of land reserve structure and asset structure. And, we will get well-prepared and plan for transformation and upgrading to build brand, achieve a sound and sustainable development of the company, and create a better benefit and return for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Results

In 2015, driven by vigorous rigid housing demand and housing improvement demand, the performance in Shenzhen real estate market outshined the others, with both the price and the trading volume increased significantly. Benefit from the prosperity of Shenzhen real estate market, and with the efforts of all colleagues, the Group had an increasing project sales significantly, and achieved satisfactory results.

For the twelve months ended 31 December 2015, the Group achieved a turnover from continued operation of HK18,428.2 million, representing an increase of 33.3% over the same period of last year. Gross profit margin was 34.6%, representing an increase of 5.1 percentage points. Profit attributable to shareholders was HK$2,868.8 million, representing a decrease of 8.4% over the same period of last year. If excluding the net effect of the changes in fair value of investment properties attributable to the Group and provisons to the land project in the third and fourth-tier cities for the year, and gain on a bargain purchase and provision for impairment of investment in Coastal Greenland Limited in the same period of last year, profit attributable to shareholders was HK$2,158.7 million, representing an increase of 32.9% over the same period of last year. Basic earnings per share was HK40.56 cents, representing a decrease of 24.4% over the same period of last year.

Business Segment Operation

Business segment	Turnover (HK$ million)		Segment results (HK$ million)	
	2015	2014	**2015**	2014
Property Development	**15,056.9**	10,938.2	**4,853.6**	2,460.3
Property Investment	**789.5**	681.2	**2,125.3**	2,118.5
Property Management	**1,369.0**	1,211.0	**84.9**	55.9
Manufacture	**430.8**	432.9	**11.4**	1.3
Other	**782**	563.8	**(58.8)**	(9.2)
Total	**18,428.2**	13,827.1	**7,016.4**	4,626.8

Property Development

Benefiting from the strong housing demand and rising housing purchase sentiments in Shenzhen, the trading volumes and prices have increased significantly in Shenzhen's real estate market during the year. The Group has promptly seized this picking-up market opportunity to actively promote the sales of several major projects in Shenzhen and achieved satisfactory results.

Sales Revenue Booked: During the year, the Group recorded approximately 805,000 square meters in property sales (excluding the interests attributable to the Group in its three principal associates), representing an increase of 6.3% over the same period of last year, and achieved a net revenue in property sales of RMB12,204.7 million (equivalent to HK$15,056.9 million) (net of business tax), representing a substantial increase of 37.7% over the same period of last year. The gross profit margin of property sales was 36.9%, representing an increase of 6.0 percentage points over the same period of last year. The increase of the gross profit margin was mainly due to the market in Shenzhen was rapidly picking-up and the contribution from net sales in Shenzhen projects of the Group with higher gross profit margin to the sales revenue booked increased to 57.5% from 45.7% for the same period of last year. The average gross profit margin for the Group's projects in Shenzhen was approximately 49.6%, the average gross profit margin for other projects in the other tier-one cities was approximately 39.8%, the average gross profit margin for the projects in the tier-two and three cities was approximately 10.5%.

Property Sales Booked in 2015

Property Name	Type	Sales Area *(sq.m.)*	After Tax Unit Price *(RMB/sq.m.)*	Net Sales *(RMB million)*
Wanlin Lake	Residential	111,302	5,282	588
Rui Cheng	Residential	67,750	4,777	324
Garden Hill	Residential	2,861	9,708	28
Terra Building	Industrial/Commercial	3,044	44,729	136
Nanhu Rose Bay	Residential	30,365	8,918	271
Yihu Rose Bay	Residential	25,328	3,338	85
Yihu Rose Bay Commercial	Commercial	3,573	7,118	25
Junan Garden Cooperative Housing	Residential	2,543	60,613	154
Tianyuxiangshan Garden	Residential	5,876	41,280	243
Nongke Business Tower	Commercial	871	34,894	30
Purple Kylin Garden	Residential	3,537	21,563	76
Royal Garden	Residential	1,648	8,244	14
Noble Times	Residential	8,142	14,535	118
Shumyip City	Residential	111,042	6,230	692
Yundonghai	Residential	23,446	7,566	177
Saina Bay	Residential	52,416	4,162	218
Jiangyue Bay	Residential	124,645	15,520	1,934
Boxing Building	Warehouse/Commercial	2,689	26,230	71
Bolong Building	Warehouse/Commercial	20,157	25,771	519
UpperHills North	Complex	88,292	66,132	5,839
Maanshan Shumyip Huafu	Residential	68,832	5,116	352
Changzhou Shumyip Huafu	Residential	10,547	7,662	81
Royal Spring North- Villa	Residential	5,170	8,931	46
Others		30,560	5,995	184
Total		**804,636**		**12,205**

Distribution of Property Sales in Shenzhen, other first-tier cities, second-tier cities and third -tier cities, and distribution by type in 2015

By City	**Sales area** *(sq.m.)*	**Net Sales** *(RMB million)*	**Average Selling Price** *(RMB/sq.m.)*	**Proportion** ***(Net Sales)***
1st-tier City – Shenzhen	133,385	7,016	52,598	57%
1st-tier City – Others	124,645	1,933	15,510	16%
2nd-tier Cities	128,066	704	5,501	6%
3rd-tier Cities	418,540	2,552	6,094	21%
Total	**804,636**	**12,205**		**100%**

By Type	**Sales area** *(sq.m.)*	**Net Sales** *(RMB million)*	**Average Selling Price** *(RMB/sq.m.)*	**Proportion** ***(Net Sales)***
Residential	661,554	5,530	8,860	45%
Industrial	25,889	726	29,755	6%
Complex	117,193	5,949	53,774	49%
Total	**804,636**	**12,205**		**100%**

Contracted Sales: During the year, Shenzhen real estate market was rapidly picking-up, and the Group seized the opportunity to actively promote sales, which resulted in a satisfactory sales performance. During the year, the Group achieved 948,000 square meters in contracted sales area and contracted sales income of approximately RMB16 billion, representing a sharp increase of 116% over the same period of last year. The average selling price was RMB16,857 per square meters, representing an increase of 45% over the same period of last year. During the year, the Group collected sales proceeds of RMB16.87 billion.

2015 Contracted Sales Summary

Project Name	City	Type	Sales Area *(sq.m.)*	Sales *(RMB million)*	Unit Price *(RMB/sq.m.)*
UpperHills	Shenzhen	Complex	96,726	6,708	69,351
Tanglang city*	Shenzhen	Residential	53,327	2,082	39,042
Jinshazhou	Guangzhou	Residential	77,776	1,349	17,345
Guanlan Rose Garden	Shenzhen	Residential	50,658	1,261	24,892
Qingshuihe Auto Park (Taifu Auto Park)	Shenzhen	Warehouse/ Commercial	35,542	991	27,883
Shumyip City	Shunde	Residential	114,609	743	6,483
Maanshan Shumyip Huafu	Maanshan	Residential	111,490	568	5,095
Ruicheng	Changsha	Residential	82,312	370	4,495
Wanlin Lake	Huizhou	Residential	64,075	364	5,681
Garden Hill	Huizhou	Residential	56,916	267	4,691
Changzhou Shumyip Huafu	Changzhou	Residential	33,802	223	6,597
Terra Building (Terra Jingu)	Shenzhen	Warehouse/ Commercial	4,628	158	34,140
Saina Bay	Heyuan	Residential	42,574	156	3,664
Nanhu Rose Bay	Wuhan	Residential	12,393	130	10,490
Yundonghai	Sanshui	Residential	16,590	119	7,173
Shanglin Garden	Taizhou	Residential	24,288	112	4,611
Splendid City	Jiangyan	Residential	29,378	108	3,676
Yihu Rose Bay	Chengdu	Residential	27,798	104	3,741
Royal Spring Garden	Chaohu	Residential	6,308	60	9,512
European Garden	Dongguan	Residential	3,741	41	10,960
Noble Times	Shenzhen	Residential	1,613	38	23,559
Purple Kylin Garden	Shenzhen	Residential	1,000	21	21,000
Total			**947,544**	**15,973**	

* This project was co-developed with Shenzhen Metro Group, with 50% equity attributable to the Group, and it is accounted for using equity method.

Project Development: During the year, the Group had a new construction area of approximately 1,560,000 square meters, representing an increase of 94.3% over the same period of last year, and a completed area of approximately 1,000,000 square meters, representing an increase of 20.8% over the same period of last year.

Newly Construction Projects in 2015

Project Name	**City**	**Type**	**Total GFA** *(sq.m.)*	**Saleable Area** *(sq.m.)*
Shumyip Zhongcheng (Land plot 05-01)	Shenzhen	Complex	338,873	245,383
Shumyip Zhongcheng (Land plot 05-03)	Shenzhen	Complex	24,611	20,419
Maanshan Shumyip Huafu Phase 3.2	Maanshan	Residential	190,872	146,774
Shumyip City Phase 3.2	Shunde	Residential	124,728	101,905
Gaobangshan Garden Phase 1	Huizhou	Residential	135,893	100,511
Garden Hill Phase 3.1.C(1#)	Huizhou	Residential	21,072	20,921
Ruicheng Phase 2.2	Changsha	Residential	73,757	73,363
Qingshuihe Auto Park Phase 3	Shenzhen	Warehouse/ Commercial	35,770	15,000
Taifu Square Phase 1&2	Shenzhen	Complex	283,843	88,050
Shenyang Old Complex Project	Shenyang	Complex	40,200	–
Chaohu Royal Spring North Phase 2	Chaohu	Residential	12,874	11,364
Tanglang City West	Shenzhen	Complex	278,798	105,963
Total			**1,561,291**	**929,653**

Completed Construction Projects in 2015

Project Name	**City**	**Type**	**Total GFA** *(sq.m.)*	**Saleable Area** *(sq.m.)*
Shumyip City Phase 3.1.a	Shunde	Residential	146,292	115,040
Belle Riviere Phase 1	Heyuan	Residential	100,927	84,379
Jinshazhou Phase 2	Guangzhou	Residential	164,712	122,005
Maanshan Shumyip Huafu Phase 1.2	Maanshan	Residential	223,959	151,712
Nanhu Rose Bay Phase 2(8-9#)	Wuhan	Residential	29,945	24,359
Wanlin Lake Phase 8.3&8.4	Huizhou	Residential	187,179	123,583
Shenyang Wuai Bus Station Project	Shenyang	Complex	59,889	–
Tanglang City East	Shenzhen	Residential	77,605	56,000
Chaohu Royal Spring North Phase 1	Chaohu	Residential	7,037	7,037
Total			**997,545**	**684,115**

Land Reserves

As of the end of December 2015, the Group had a total planned gross floor area (GFA) of 9.63 million square meters in land reserves (of which the Group had rights and interests in 8.78 million square meters), and a capacity building area of 7.23 million square meters (of which the Group had rights and interests in 6.56 million square meters), of which, the projects under construction had a total planned GFA of approximately 4.09 million square meters (of which the Group had rights and interests in 3.75 million square meters) and a capacity building area of 2.89 million square meters (of which the Group had rights and interests in 2.64 million square meters).

Distribution of Land Reserves (As at 31 December 2015)

By City	**Planned GFA**[Notes 1,3] *(sq.m.)*	**Capacity Building Area**[Notes 2,3] *(sq.m.)*	**Proportion** ***(Capacity Building Area)***
1st-tier City – Shenzhen	3,279,199	2,223,728	31%
2nd-tier Cities	1,745,102	1,454,968	20%
3rd & 4th-tier Cities	4,609,800	3,550,509	49%
Total	**9,634,101**	**7,229,205**	**100%**

By Type	**Planned GFA**[Notes 1,3] *(sq.m.)*	**Capacity Building Area**[Notes 2,3] *(sq.m.)*	**Proportion** ***(Capacity Building Area)***
Residential	6,284,074	4,936,464	68%
Industrial	133,580	115,716	2%
Complex	3,216,447	2,177,025	30%
Total	**9,634,101**	**7,229,205**	**100%**

Notes:

1 Planned GFA: the sum of the gross floor area of all the floors above and under the ground of the single building or buildings within the scope of the land for construction.

2 Capacity Building Area: the sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.

3 Excluded the land in Heyuan project which is to be returned to the local government.

Optimizing Structure of Land Reserves

Asset Injection: On 21 December 2015, the Company and Shum Yip Holdings Company Limited entered into an agreement to acquire 95% of the equity interest in Fairwind Power Limited at a price of RMB1.914 billion (equivalent to HK$2.264 billion based on the agreed exchange rate), which will be paid by the Company in cash. The remaining 5% of the equity interest in Fairwind Power Limited is held by an independent third party. Fairwind Power Limited, through its subsidiary, holds the Shum Yip Dong Ling Project. The acquisition was completed on 15 March 2016.

Shum Yip Dong Ling project is a redevelopment project in Huangbeiling, Luohu District, Shenzhen. The project is situated at the junction of Feng Huang Road and Shennan East Road, which is an established residential area and central business district in Luohu District with access to Line No. 2, Line No. 5 and the planned Line No. 8 of the Shenzhen Metro. The project has a land area of 55,184 square meters, divided into Land A and Land B, which will be developed into a comprehensive living complex comprising an open city commercial street, a metro shopping promenade, office towers, hotels and health-oriented residence.

Land A is the second-class residential land and commercial land, with a capacity building area of 343,593 square meters (including resettlement area), of which residential building with a gross floor area of approximately 149,000 square meters, commercial building with a gross floor area of approximately 3,900 square meters, and 200 parking spaces will be reverted to the previous owners for free. The construction work of the project commenced in 2011 and is expected to be completed by the end of 2017.

Land B is a commercial land, with a total capacity building area of 57,200 square meters, and is intended to be developed into a commercial building with a total gross floor area of approximately 76,700 square meters. The construction work of the Land B had not been commenced.

Disposal of Inefficient Lands: During the year, the Group had taken a variety of measures to advance the negotiation with local government, and made great efforts to dispose the projects in the third or fourth-tier cities. In January 2016, an agreement was reached with the relevant government department of Heyuan to return about 620,000 square meters of undeveloped land in Heyuan Saina Bay to the local government.

The Group plans to proceed with the disposal of inefficient projects in Taizhou, Sanshui, Jiangyan, Changzhou and Maanshan. As the market values of certain projects in the third and fourth-tier cities may be lower than their book values, for the sake of the prudence of the accounting, the Group made a provision for impairment of certain projects in the third and fourth-tier cities amounted to HK$372.4 million during the year.

Property Investment

As of 31 December 2015, the Group has a total area of approximately one million square meters in investment properties, which are mainly located in Shenzhen. During the year, the rent levels in Shenzhen rised owing to a blooming real estate market. The Group continued to promote the optimization of its property portfolio and improve its management, and its property investment business continued to maintain a steady growth. During the year, the Group achieved a rental income of HK$789.5 million, representing an increase of approximately 15.9% over the same period of last year, while the gross profit margin of its property investment was approximately about 87.8%, approximate to that of the same period of last year. As a result of the increase in rental level and the increase in property value, the Group recorded for the year a revaluation gain of HK$1,082.2 million in its investment property portfolio. In addition, there was a revaluation gain of HK$432.1 million arising from the properties completed and held for sales purpose being transferred to investment properties, therefore, the change in fair value of the abovementioned two kinds of investment properties had already been accounted for as profit for the year. With the completion of projects including UpperHills and Taifu Square, the Group's income from, and the scale of, investment properties will increase significantly.

Property Management

The Group holds six property management companies with first class property management qualifications at the national level. The property management team is committed to improve services, support the development of real estate business, and help to enhance the corporate brand. As of the end of the year, the total area of properties under the Group's management was approximately 40 million square meters, including a variety of property types such as government offices, office buildings, residential estates, villas, and science and technology parks mainly located in Pearl River and Yangtze River deltas as well as the central region. During the year, the property management business contributed an income of HK$1,369.0 million to the Group, representing an increase of approximately 13.0% over the same period of last year.

Hotel Operations

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

During the year, the three hotels in operation achieved a turnover (under other operating segment) of HK$182.0 million, representing an increase of 2.9% over the same period of last year. Chaohu Shumyip-Bantang Hot Spring Hotel achieved an occupancy rate of 45.74%, representing an increase of 6.51 percentage points over last year; Holiday Inn Resort Chaohu Hot Spring achieved an occupancy rate of 48.65%, representing an increase of 6.65 percentage points over last year; and Suzhou Marriott Hotel achieved an occupancy rate of 70.2%, representing an increase of 1.3 percentage points over last year.

Manufacturing Business

The Group's manufacturing business mainly represents the LCD manufacturing and metal materials processing and other business which has been engaged in by the companies under the Group over the years. During the year, the manufacturing business achieved an operating income of HK$430.8 million, representing a decrease of 0.5% over the same period of last year.

Jointly-Controlled Entities

Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group), the principal activity of which is to provide relevant services to local governments in primary land development arrangement, made a loss contribution of HK$187.3 million to the Group for the year, as the local government did not have any arrangement to launch such lands during the year, while it made a net profit contribution of HK$52.8 million for the same period of last year. In addition, Shenzhen Langtong Property Development Company Limited (a 50% owned company of the Group) contributed a net profit of HK$194.4 million to the Group for the year, while it made a loss contribution of HK$6.3 million for the same period of last year. This is the project company which co-developed Shenzhen Tanglang City project with Shenzhen Metro Group.

Performance of Associates

During the year, the performance of associates invested by the Group was within expectation. Of which, Shenzhen Tianan Cyber Park (Group) Co. Ltd., made a net profit contribution of HK$439.9 million to the Group, representing an increase of 11.8% over the same period of last year. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK$224.2 million to the Group, representing a decrease of 18.5% over the same period of last year. Coastal Greenland Limited, another listed company in Hong Kong, made a loss contribution of HK$77.6 million to the Group, while it made a loss contribution of HK$26.7 million for the same period of last year.

Financing Position

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

In June 2015, the Company placed 670 million new shares to independent institutional investors at a placing price of HK$4.13 per share and raised a net proceeds of approximately HK$2,700 million, which replenished the Group's funds for future sustainable development.

Of the placing proceeds, approximately HK$1,132 million has been used to pay the first instalment of the acquisition cost of Shum Yip Dong Ling project, and the remaining proceeds has been used as short time turnover during the period when the Group repaid the syndicated loan for new syndicated loan in Hong Kong and for general corporate purposes, and to be used to pay the remaining acquisition cost of Shum Yip Dong Ling project.

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

During the year, the annual average consolidated interest rate for the Group's interest-bearing debts was approximately 4.62%, of which, the annual average consolidated interest rate for bank loans and other borrowings was 4.55%, the annual average consolidated interest rate for the amount attributable to the ultimate controlling shareholder (all loans from the shareholder was denominated in Renminbi) was 4.89%.

Financial Position

Overall Financial Position

HK$ million	**As at 31 December 2015**	As at 31 December 2014
Interest-bearing bank and other borrowings	**21,375.1**	29,398.8
Due to ultimate controlling shareholder	**4,781.9**	4,467.4
Cash (including pledged deposits and restricted cash)	**13,818.8**	9,657.4
Net gearing ratio with liabilities including bank loans and other borrowings only	**22.7%**	64.7%
Net gearing ratio with liabilities including all the liabilities bearing interest	**36.5%**	79.9%

The substantial decrease in net gearing ratio was mainly due to the following reasons: firstly, the properties sales and funds collection were satisfactory during the year; secondly, the Company raised HK$2.7 billion through shares placing during the year; and thirdly, the Group repaid certain loans during the year to reduce the borrowing amount.

Interest-bearing Bank and Other Borrowings

HK$ million	**As at 31 December 2015** (RMB loans)	(HK$/US$ loans)	As at 31 December 2014 (RMB loans)	(HK$/US$ loans)
Within one year	**4,775.1**	**499.1**	9,274.9	2,782.5
One to two years	**1,726.2**	**2,391.7**	4,752.7	820.7
Three to five years	**3,497.2**	**7,565.4**	1,932.3	8,839.5
Over five years	**920.4**	**–**	996.3	–

Pledge of Assets and Contingent Liabilities Position

As at 31 December 2015, the Group had total loans of HK$1,917.6 million (31 December 2014: HK$4,359.9 million) that were pledged with assets (For details, see note 12 to the financial information).

As at 31 December 2015, the Group had provided guarantees up to a maximum of HK$8,857.7 million (31 December 2014: HK$2,359.5 million) to banks for housing loans extended by the banks to the purchasers of the Group's properties (For details, see note 14 to the financial information).

In 2014, the project of Shum Yip Terra (Holdings) Co., Ltd.("**Shum Yip Terra**"), a 75.05%-owned subsidiary of the Company, and its wholly-owned subsidiary, Wuhan Shum Yip Terra Property Development Co., Ltd.("**Wuhan Shum Yip Terra**") was implicated in the corruption case(s) involving the local government officials and thus it is being involved in criminal investigation. The People's Procuratorate of Jianli County of Hubei Province has frozen certain bank accounts of Wuhan Terra Company and those of Terra Company. Those frozen bank accounts have been released fully as at 31 December 2015. Meanwhile, upon the request of the People's Procuratorate of Hubei Province, Wuhan Shum Yip Terra deposited a sum of RMB540,000,000 into an account of Wuhan Shum Yip Terra designated by the People's Procuratorate on 31 August 2015. The investigation is still in progress. The Company believes that the matter is an individual incident and will not have material impact on the assets, financials and operations of the Group as a whole.

Employees and Remuneration Policy

As at 31 December 2015, the Group employed a total of 17,995 employees (2014: 17,129) of which 37 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in Mainland China. The related employees' costs for the year (excluding remuneration of the Directors) were approximately HK$1,084.8 million (2014: HK$972.9 million).

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

Subsequent Events

On 7 March 2016, the Company entered into an agreement with certain banks for a loan of US$230 million and HK$1 billion for a term of 5 years. The facilities are for the purpose of financing the general working capital of the Group.

DIVIDEND

The Board recommends the payment of a final dividend of HK13.00 cents per share for the year ended 31 December 2015 (2014: HK13.00 cents per share), which subject to the approval by the shareholders at the forthcoming annual general meeting of the Company ("**Annual General Meeting**"), is payable on or about Thursday, 11 August 2016 to shareholders whose names appear on the register of members of the Company on Friday, 10 June 2016. Together with the interim dividend of HK3.00 cents per share which was paid on 16 October 2015, the total dividend for the year ended 31 December 2015 amounts to HK16.00 cents per share (2014: HK16.00 cents per share).

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

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. A circular containing the details of the Scrip Dividend Scheme together with relevant election form will be sent to shareholders on or around Tuesday, 12 July 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Academy Room, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 2 June 2016 at 10:30 a.m..

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

To ascertain the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 9 June 2016 to Friday, 10 June 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 8 June 2016.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year 2015.

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 2015 final results and the audited consolidated financial statements for the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

APPRECIATION

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

By Order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 30 March 2016

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