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深圳投資有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

2009 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue up 32% to HK\$5,386.9 million; Net profit attributable to shareholders up 13% to HK\$987.7 million;
- Contracted sales in 2009 amounted to approximately RMB5.0 billion (equal to approximately HK\$5.7 billion), up 107% from a year earlier;
- Holding HK\$6,434.2 million cash on hand as of the end of 2009; Net gearing declined to 36.6%.

The Board of Directors (the “Directors”) of Shenzhen Investment Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 together with the comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
CONTINUING OPERATIONS			
REVENUE	4	5,386,940	4,080,821
Cost of sales		(3,590,463)	(2,368,044)
Gross profit		1,796,477	1,712,777
Other income and gains	4	245,069	333,737
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		4,150	(75,464)
Financial liabilities at fair value through profit or loss		46,832	(209,381)
Increase in fair value of investment properties		213,773	515,280
Selling and distribution costs		(169,779)	(138,845)
Administrative expenses		(485,755)	(541,568)
Other expenses		(96,819)	(85,901)
Finance costs	5	(216,449)	(218,776)
Share of profits and losses of associates		348,108	432,870
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	1,685,607	1,724,729
Income tax expense	7	(551,116)	(677,013)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		1,134,491	1,047,716
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	8	–	(24,231)
PROFIT FOR THE YEAR		1,134,491	1,023,485

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Attributable to:			
Owners of the parent		987,656	873,016
Minority interests		146,835	150,469
		<u>1,134,491</u>	<u>1,023,485</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	<i>10</i>		
Basic			
– For profit for the year		<u>HK29.59 cents</u>	<u>HK27.19 cents</u>
– For profit from continuing operations		<u>HK29.59 cents</u>	<u>HK26.63 cents</u>
Diluted			
– For profit for the year		<u>HK29.52 cents</u>	<u>HK27.04 cents</u>
– For profit from continuing operations		<u>HK29.52 cents</u>	<u>HK26.48 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>1,134,491</u>	<u>1,023,485</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	29,031	1,817
Reclassification adjustments for gains on disposal included in the consolidated income statement	–	(4,675)
Income tax effect	<u>(9,257)</u>	<u>–</u>
	19,774	(2,858)
Gain on property revaluation	1,867	26,222
Income tax effect	<u>–</u>	<u>(6,555)</u>
	1,867	19,667
Share of other comprehensive income of associates	1,643	186,641
Exchange differences on translation of foreign operations	<u>(8,849)</u>	<u>794,278</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>14,435</u>	<u>997,728</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,148,926</u>	<u>2,021,213</u>
Attributable to:		
Owners of the parent	1,007,481	1,775,486
Minority interests	<u>141,445</u>	<u>245,727</u>
	<u>1,148,926</u>	<u>2,021,213</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		587,414	561,495
Intangible assets		88,092	96,596
Prepaid land lease payment		4,118	4,214
Goodwill		322,600	322,600
Investment properties		4,105,782	3,913,739
Interests in associates		4,970,160	4,898,720
Held-to-maturity investment		383,518	382,054
Available-for-sale investments		46,744	17,713
Other long term assets		1,166,319	887,031
Deferred tax assets		262,642	162,171
		<hr/>	<hr/>
Total non-current assets		11,937,389	11,246,333
CURRENT ASSETS			
Inventories		63,204	56,298
Completed properties held for sale		1,775,443	862,094
Properties under development		9,404,382	9,908,772
Trade receivables	<i>11</i>	532,936	705,131
Prepayments, deposits and other receivables		907,571	352,276
Financial assets at fair value through profit or loss		21,510	17,308
Cash and cash equivalents		6,434,237	4,570,861
		<hr/>	<hr/>
Total current assets		19,139,283	16,472,740
CURRENT LIABILITIES			
Interest-bearing bank loans		3,262,263	5,377,765
Derivative financial instruments		168,880	215,656
Trade and notes payables	<i>12</i>	88,250	87,438
Other payables and accruals		4,487,476	1,999,976
Amounts due to the ultimate holding company		102,390	110,838
Tax payable		1,148,643	873,102
		<hr/>	<hr/>
Total current liabilities		9,257,902	8,664,775
		<hr/>	<hr/>
NET CURRENT ASSETS		9,881,381	7,807,965
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,818,770	19,054,298
		<hr/>	<hr/>

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>21,818,770</u>	<u>19,054,298</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	7,704,433	6,873,560
Deferred tax liabilities	<u>702,659</u>	<u>622,127</u>
Total non-current liabilities	<u>8,407,092</u>	<u>7,495,687</u>
Net assets	<u>13,411,678</u>	<u>11,558,611</u>
EQUITY		
Total equity attributable to owners of the parent		
Issued capital	176,392	160,665
Reserves	11,966,669	10,274,147
Proposed dividends	<u>246,948</u>	<u>257,064</u>
	12,390,009	10,691,876
Minority interests	<u>1,021,669</u>	<u>866,735</u>
Total equity	<u>13,411,678</u>	<u>11,558,611</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to owners of the parent													
	Issued capital	Share premium account	Capital redemption reserve	Share option reserve	Capital reserve	Available-for-sale		Statutory reserve	Exchange fluctuation reserve	Retained profits	Proposed dividends	Total	Minority interests	Total equity
						Asset revaluation reserve	investment revaluation reserve							
						HK\$'000	HK\$'000							
At 1 January 2008	161,417	4,247,673	293	45,312	66,538	39,025	3,319	759,231	997,462	2,850,584	677,950	9,848,804	1,376,144	11,224,948
Total comprehensive income for the year	-	-	-	-	-	21,723	(2,858)	-	883,605	873,016	-	1,775,486	245,727	2,021,213
Adjustment to prior year's final dividend	-	-	-	-	-	-	-	-	-	3,297	(3,297)	-	-	-
Redemption of shares	(1,743)	-	1,743	-	-	-	-	-	-	(130,322)	-	(130,322)	-	(130,322)
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	5,111	5,111
Final 2007 dividend declared	-	-	-	-	-	-	-	-	-	-	(674,653)	(674,653)	-	(674,653)
Share options exercised	991	31,028	-	(6,839)	-	-	-	-	-	-	-	25,180	-	25,180
Share issue expense	-	(24)	-	-	-	-	-	-	-	-	-	(24)	-	(24)
Share options lapsed	-	-	-	(34,075)	-	-	-	-	-	-	34,075	-	-	-
Equity-settled share option expense	-	-	-	39,544	-	-	-	-	-	-	-	39,544	-	39,544
Share of reserves of associates	-	-	-	-	(7,495)	-	-	-	-	-	-	(7,495)	-	(7,495)
Disposal of subsidiaries	-	-	-	-	(24)	-	-	(397)	(87,824)	-	-	(88,245)	(630,042)	(718,287)
Interim 2008 dividend	-	-	-	-	-	-	-	-	-	(96,399)	-	(96,399)	-	(96,399)
Proposed 2008 dividend	-	-	-	-	-	-	-	-	-	(257,064)	257,064	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(130,205)	(130,205)
Transfer from retained profits	-	-	-	-	-	-	-	150,213	-	(150,213)	-	-	-	-
At 31 December 2008	<u>160,665</u>	<u>4,278,677*</u>	<u>2,036*</u>	<u>43,942*</u>	<u>59,019*</u>	<u>60,748*</u>	<u>461*</u>	<u>909,047*</u>	<u>1,793,243*</u>	<u>3,126,974*</u>	<u>257,064</u>	<u>10,691,876</u>	<u>866,735</u>	<u>11,558,611</u>
At 1 January 2009	160,665	4,278,677	2,036	43,942	59,019	60,748	461	909,047	1,793,243	3,126,974	257,064	10,691,876	866,735	11,558,611
Total comprehensive income for the year	-	-	-	-	-	192	19,774	-	(141)	987,656	-	1,007,481	141,445	1,148,926
Establishment of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	83,102	83,102
Adjustment to prior year's final dividend	-	-	-	-	-	-	-	-	-	(15,674)	15,674	-	-	-
Final 2008 dividend paid	-	-	-	-	-	-	-	-	-	-	(272,738)	(272,738)	-	(272,738)
Issue of shares	15,000	1,101,000	-	-	-	-	-	-	-	-	-	1,116,000	-	1,116,000
Share options exercised	727	23,477	-	(5,333)	-	-	-	-	-	-	-	18,871	-	18,871
Share issue expense	-	(18,282)	-	-	-	-	-	-	-	-	-	(18,282)	-	(18,282)
Share options lapsed	-	-	-	(240)	-	-	-	-	-	240	-	-	-	-
Equity-settled share option expenses	-	-	-	4,919	-	-	-	-	-	-	-	4,919	-	4,919
Transfer from a subsidiary to a jointly-controlled entity	-	-	-	-	-	-	-	-	-	-	-	-	(55,600)	(55,600)
Share of reserves of associates	-	-	-	2,923	-	-	-	-	-	-	-	2,923	-	2,923
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(14,013)	(14,013)
Interim 2009 dividend	-	-	-	-	-	-	-	-	-	(161,041)	-	(161,041)	-	(161,041)
Proposed 2009 dividend	-	-	-	-	-	-	-	-	-	(246,948)	246,948	-	-	-
Transfer from retained profits	-	-	-	-	-	-	-	131,619	-	(131,619)	-	-	-	-
At 31 December 2009	<u>176,392</u>	<u>5,384,872*</u>	<u>2,036*</u>	<u>46,211*</u>	<u>59,019*</u>	<u>60,940*</u>	<u>20,235*</u>	<u>1,040,666*</u>	<u>1,793,102*</u>	<u>3,559,588*</u>	<u>246,948</u>	<u>12,390,009</u>	<u>1,021,669</u>	<u>13,411,678</u>

* These reserve accounts comprise the consolidated reserves of HK\$11,966,669,000 (2008: HK\$10,274,147,000) in the consolidated statement of financial position.

1. Corporate information

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

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

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

In the opinion of the directors, the immediate holding company of the Group is Shum Yip Holdings Company Limited (“Shum Yip Holdings”, 深業(集團)有限公司), which is a private company incorporated in Hong Kong. The ultimate holding company of the Group is 深業集團有限公司 (formerly 深業投資開發有限公司), which is a private company established in Shenzhen, the PRC.

2.1 Basis of preparation

These 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, 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, derivative financial instruments 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.

2.2 Changes in accounting policy and disclosures

The Group has adopted the following new HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in Improvements to *HKFRSs* 2009 (as issued in May 2009).

** The Group adopted all the improvements to HKFRs issued in October 2008.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3 to 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 1(Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ¹
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards Additional Exemptions for First-time Adopters</i> ²
HKFRS 1 Amendments	<i>Limited Exemption from Comparatives HKFRS 7 Disclosures for First-time Adopters</i> ⁴
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ²
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 9	<i>Financial instruments</i> ⁶
HKFRS 24 (Revised)	<i>Related Party Disclosures</i> ⁵
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 32 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation-Classification of Rights Issues</i> ³
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i> ⁵
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ¹
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁴
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i> ¹
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Lease</i> ²

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2010

³ Effective for annual periods beginning on or after 1 February 2010

⁴ Effective for annual periods beginning on or after 1 July 2010

⁵ Effective for annual periods beginning on or after 1 January 2011

⁶ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Operating segment information

For management purpose, the Group is organised into business units based on their products and services, and has six 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 transportation services segment consists of the provision of passenger and freight transportation services, automobile maintenance and other related services;
- (e) the manufacturing segment engages in the manufacture and sale of industrial and commercial products; and
- (f) the "others" segment comprises, principally, the service income of land reconstruction, the manufacture and sale of aluminum alloys and other businesses.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource 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 from continuing operations except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, the amount due to the ultimate holding company, tax payable, 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 2009	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Transportation services HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:							
Sales to customers	3,684,217	365,831	629,270	231,460	230,585	245,577	5,386,940
Intersegment sales	–	–	7,567	–	–	44,849	52,416
	3,684,217	365,831	636,837	231,460	230,585	290,426	5,439,356
<i>Reconciliation</i>							
Elimination of intersegment sales							(52,416)
Revenue from continuing operations							<u>5,386,940</u>
Segment results before increase in fair value of investment properties	980,529	319,180	(12,208)	38,994	14,978	179,194	1,520,667
Increase in fair value of investment properties	–	213,773	–	–	–	–	213,773
Segment results after increase in fair value of investment properties	980,529	532,953	(12,208)	38,994	14,978	179,194	1,734,440
<i>Reconciliation</i>							
Elimination of intersegment results							(2,984)
Interest income							119,342
Dividend income and unallocated gains							76,025
Fair value gain of the financial instruments							50,982
Corporate and other unallocated expense							(75,749)
Finance costs							(216,449)
Profit before tax from continuing operations							<u>1,685,607</u>
Segment assets	17,905,065	4,473,558	103,252	395,997	192,169	785,803	23,855,844
<i>Reconciliation</i>							
Corporate and other unallocated assets							7,220,828
Total assets							<u>31,076,672</u>
Segment liabilities	3,441,642	294,606	291,702	225,699	66,437	202,270	4,522,356
<i>Reconciliation</i>							
Corporate and other unallocated liabilities							13,142,638
Total liabilities							<u>17,664,994</u>
Other segment information:							
Depreciation	8,515	12,343	7,131	33,751	7,067	7,762	76,569
Amortisation of vehicle licences	–	–	–	5,948	–	–	5,948
Impairment of interest in an associate	64,000	–	–	–	–	–	64,000
Share of profits and losses of associates	175,898	66,967	2,568	4,215	–	98,460	348,108
Interests in associates	4,242,278	95,610	13,873	43,236	30,106	545,057	4,970,160
Capital expenditure	2,846,558	122,231	6,704	10,595	8,309	11,449	3,005,846

Year ended 31 December 2008	Continuing operations						Discontinued operations	Consolidated	
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Transportation services <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>		Others <i>HK\$'000</i>
Segment revenue:									
Sales to customers	2,528,546	362,982	563,512	194,032	282,847	148,902	4,080,821	46,308	4,127,129
Segment results before increase in fair value of investment properties	1,106,426	327,964	(8,160)	36,426	14,136	153,018	1,629,810	8,549	1,638,359
Increase in fair value of investment properties	–	515,280	–	–	–	–	515,280	–	515,280
Segment results after increase in fair value of investment properties	1,106,426	843,244	(8,160)	36,426	14,136	153,018	2,145,090	8,549	2,153,639
<i>Reconciliation</i>									
Interest income							154,105	–	154,105
Dividend income and unallocated gains							110,891	50,630	161,521
Fair value loss of the financial instruments							(290,437)	–	(290,437)
Corporate and other unallocated expense							(176,144)	–	(176,144)
Finance costs							(218,776)	(83,323)	(302,099)
Profit before tax							<u>1,724,729</u>	<u>(24,144)</u>	<u>1,700,585</u>
Segment assets									
<i>Reconciliation</i>	16,505,598	4,286,734	58,248	625,663	146,275	931,480	22,553,998		
Corporate and other unallocated assets							5,165,075		
Total assets							<u>27,719,073</u>		
Segment liabilities									
<i>Reconciliation</i>	902,967	343,008	296,367	254,756	81,709	114,522	1,993,329		
Corporate and other unallocated liabilities							14,167,133		
Total liabilities							<u>16,160,462</u>		
Other segment information:									
Depreciation	11,341	9,930	6,058	30,663	10,179	6,223	74,394		
Amortisation of vehicle licences	–	–	–	6,218	–	–	6,218		
Share of profits and losses of associates	225,405	46,533	1,988	4,610	–	154,334	432,870		
Interests in associates	3,874,045	93,066	11,367	220,617	31,342	668,283	4,898,720		
Capital expenditure	4,094,456	31,842	8,195	88,683	4,288	8,024	4,235,488		

4. Revenue, other income and gains

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

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Sale of properties	3,684,217	2,528,546
Gross management fee income	629,270	563,512
Gross rental income from investment properties	365,831	362,982
Sale of commercial and industrial goods	230,585	282,847
Income from transportation	231,460	194,032
Others	245,577	148,902
	<u>5,386,940</u>	<u>4,080,821</u>
Other income		
Gross rental income from property, plant and equipment	31,084	29,458
Bank interest income	67,813	86,266
Interest income from held-to-maturity investment	47,611	49,201
Others	65,774	97,350
	<u>212,282</u>	<u>262,275</u>
Gains		
Gains on disposal of investment properties	10,509	23,079
Gains on disposal of items of property, plant and equipment	6,225	22,202
Gains on acquisition of an additional interest in an associate	13,740	–
Gains on disposal of a subsidiary	–	2,096
Exchange gains	2,313	24,085
	<u>32,787</u>	<u>71,462</u>
Other income and gains	<u><u>245,069</u></u>	<u><u>333,737</u></u>

5. Finance costs

An analysis of finance costs from continuing operations is as follows:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within five years	<u>399,224</u>	<u>619,888</u>
Total interest expense on financial liabilities not at fair value through profit or loss	399,224	619,888
<i>Less:</i> Interest capitalised	<u>(301,616)</u>	<u>(417,631)</u>
	97,608	202,257
Other finance costs	<u>118,841</u>	<u>16,519</u>
	<u>216,449</u>	<u>218,776</u>

The average capitalisation rate for the year used to determine the amount of borrowing costs eligible for capitalization was 5.50% (2008: 7.14%).

6. Profit before tax

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories sold	2,561,286	1,494,701
Cost of services provided	545,536	400,095
Auditors' remuneration	6,769	6,423
Depreciation	76,569	74,394
Impairment of trade receivables	14,939	27,098
Write-back of impairment of trade receivables	(27,227)	(1,434)
Impairment of interest in an associate	64,000	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	48,331	53,476
Write-back of impairment of items of property, plant and equipment	(1,097)	(273)
Gains on disposal of items of property, plant and equipment	(6,225)	(22,202)
Minimum lease payments under operating leases in respect of land and buildings	10,795	11,377
Amortisation of vehicle licences	5,948	6,218
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	538,114	486,990
Equity-settled share option expense	4,919	11,635
Pension scheme contributions	74,619	68,224
<i>Less: Amount capitalised</i>	<u>(23,698)</u>	<u>(20,756)</u>
Net: Pension scheme contributions	<u>50,921</u>	<u>47,468</u>
	<u>593,949</u>	<u>546,093</u>
Foreign exchange differences, net	(793)	(3,619)
Net rental income from investment properties	(317,500)	(309,506)
Net rental income from property, plant and equipment	<u>(19,452)</u>	<u>(19,020)</u>

7. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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 (2008: Nil).

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

Major subsidiaries of the Group operate in Shenzhen, Mainland China, which are subject to the corporate income tax rate of 20%. However, with the new PRC Enterprise Income Tax Law becoming effective on 1 January 2008, the tax rate will increase eventually to 25% in 2012.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of HK\$275,047,000 is charged to the consolidated income statement for the year ended 31 December 2009 (2008: HK\$351,604,000).

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Group:		
Current – Mainland China	305,266	257,760
LAT in Mainland China	275,047	351,604
Deferred Mainland China corporate income tax	<u>(29,197)</u>	<u>67,649</u>
Total tax charge for the year	<u><u>551,116</u></u>	<u><u>677,013</u></u>

8. Discontinued operations

In December 2008, the Group drew back its disposal plans of Shum Yip Shumkang (Group) Company Limited and its subsidiaries (“Shum Yip Shumkang”) and Shenzhen PJLD Securities Products Co., Ltd., Shenzhen Shum Yip Steel Centre Ltd. and Shenzhen Jinghua LCD Ltd. (subsidiaries of the Group engaged in manufacturing, collectively referred to as the “Manufacturing Group”). Consequently, the Group ceased to reclassify Shum Yip Shumkang and the Manufacturing Group as disposal groups held for sale as at 31 December 2008.

On 5 March 2008, the Group entered into a sale and purchase agreement to dispose of its remaining 51% interest in Hubei Shumyip Huayin Traffic Development Co., Ltd. (“Huayin Traffic”) to the ultimate holding company of the Group. Huayin Traffic holds 91% interest in Hubei Jingdong Expressway Construction and Development Company Limited (“Jingdong Company”), which engages in the construction and operation of the Jingdong Expressway in Hubei Province, Mainland China. The disposal of Huayin Traffic was completed in 2008.

On 18 December 2007, the Group entered into an agreement with Shum Yip Holdings Co., Ltd. (“Shum Yip Holdings”), the intermediate holding company of the Group, to dispose of the investment in Shum Yip Transportation Co., Ltd. (深業運輸有限公司) (“Shum Yip Transportation”). Shum Yip Transportation mainly engages in leasing operation licenses to container truck owners and investment holding. The disposal of Shum Yip Transportation was completed in 2008.

The results of the discontinued operations are presented below:

	Infrastructure investment		Transportation services		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	-	39,470	-	6,838	-	46,308
Cost of sales	-	(18,664)	-	(5,318)	-	(23,982)
Other income and gains	-	26,015*	-	25,240 [@]	-	51,255
Selling and distribution costs	-	(286)	-	-	-	(286)
Administrative expense	-	(12,794)	-	(1,152)	-	(13,946)
Other expenses	-	(170)	-	-	-	(170)
Finance costs	-	(83,323)	-	-	-	(83,323)
Profit/(loss) before tax from discontinued operations	-	(49,752)	-	25,608	-	(24,144)
Income tax	-	-	-	(87)	-	(87)
Profit/(loss) for the year from discontinued operations	-	(49,752)	-	25,521	-	(24,231)

* The amount included the gain on disposal of a 51% equity interests in Huayin Traffic of HK\$25,459,000 in 2008.

@ The amount included the gain on disposal of a 100% equity interests in Shum Yip Transportation of HK\$25,169,000 in 2008.

The net cash flows incurred from the discontinued operations are as follows:

	Infrastructure investment		Transportation services		Total	
	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities	-	(60,219)	-	1,213	-	(59,006)
Investing activities	-	-	-	-	-	-
Financing activities	-	32,387	-	-	-	32,387
Net cash inflow/(outflow)	<u>-</u>	<u>(27,832)</u>	<u>-</u>	<u>1,213</u>	<u>-</u>	<u>(26,619)</u>

2009 **2008**

Earnings per share:

Basic, from the discontinued operations	-	HK0.56 cents
Diluted, from the discontinued operations	<u>-</u>	<u>HK0.56 cents</u>

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

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Loss for the year from discontinued operations	-	(24,231)
Results attributable to minority interests	<u>-</u>	<u>42,283</u>
Profit attributable to ordinary equity holders of the parent from the discontinued operations	<u>-</u>	<u>18,052</u>

Number of shares

	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,337,794,034	3,210,805,843
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>3,345,960,871</u>	<u>3,228,606,472</u>

9. Dividends

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim – HK5 cents (2008: HK3 cents) per ordinary share	161,041	96,399
Adjustment to prior year's final dividend	15,674	(3,297)
Proposed final dividend of HK7 cents (2008: final dividend of HK8 cents) per ordinary share	<u>246,948</u>	<u>257,064</u>
	<u>423,663</u>	<u>350,166</u>

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

10. Earnings per share attributable to ordinary equity holders of the parent

The calculation of 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 3,337,794,034 (2008: 3,210,805,843) in issue during the year.

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

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

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:			
From continuing operations		987,656	854,964
From discontinued operations	8	<u>–</u>	<u>18,052</u>
		<u>987,656</u>	<u>873,016</u>

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,337,794,034	3,210,805,843
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>8,166,837</u>	<u>17,800,629</u>
	<u>3,345,960,871</u>	<u>3,228,606,472</u>

11. Trade receivables

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	558,716	743,199
Impairment	<u>(25,780)</u>	<u>(38,068)</u>
	<u>532,936</u>	<u>705,131</u>

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

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

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	409,575	657,230
One to two years	118,986	46,024
Two to three years	<u>4,375</u>	<u>1,877</u>
	<u>532,936</u>	<u>705,131</u>

12. Trade and notes payables

An aged analysis of the trade and notes payables as at the reporting period, based on the payment due date, is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within one year	39,684	32,944
One to two years	5,872	12,270
Two to three years	3,333	2,923
Over three years	39,361	39,301
	<u>88,250</u>	<u>87,438</u>

13. Loan to an officer

Details of a loan to an officer, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Name	31 December 2009 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>	1 January 2009 <i>HK\$'000</i>	Security held
Mr. TAM Ping Lung	–	10,455	10,455	Residential property

The rate of interest payable by Mr. TAM under a facility letter was 2.5% below the Hong Kong Dollar Best Lending Rate. The amount was repaid during the current year.

14. Charge on assets

At 31 December 2009, the Group's bank loans amounting to HK\$266,549,000 (2008: HK\$181,728,000) were secured by:

- (i) certain of the Group's properties under development with a net book value of approximately HK\$58,872,000 (2008: HK\$380,360,000) ;
- (ii) certain of the Group's investment property with a net book value of approximately HK\$395,926,000 (2008: Nil) ; and
- (iii) none of the Group's vehicle licences (2008: HK\$2,986,000).

15. Operating lease arrangement

The Group leases certain of its properties under operating lease arrangements. Leases for the properties are negotiated for terms ranging from three to nineteen years.

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	6,581	7,340
In the second to fifth years, inclusive	<u>7,554</u>	<u>14,135</u>
	<u><u>14,135</u></u>	<u><u>21,475</u></u>

16. Capital commitments

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitments at the end of reporting period:

	2009 HK\$'000	2008 <i>HK\$'000</i>
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development		
Contracted, but not provided for:	<u>5,148,123</u>	<u>2,106,919</u>
Authorised, but not contracted for:	<u>94,808</u>	<u>320,837</u>
	<u>5,242,931</u>	<u>2,427,756</u>

17. Contingent liabilities

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

At 31 December 2009, the Group has given guarantees to a maximum extent of approximately HK\$676,101,000 (2008: HK\$1,275,481,000) 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 loans and ends after the buyer obtained the individual property ownership certificate or up to a maximum of two years after the full repayment of the mortgaged loans by the purchasers of the Group's properties.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2009, the Group achieved a turnover of HK\$5,386.9 million in its continuing operations, representing an increase of 32% over the same period of last year. Gross profit was HK\$1,796.5 million, representing an increase of 5% over the same period of last year. Net profit attributable to shareholders was HK\$987.7 million, representing an increase of 13% over the same period of last year. Basic earnings per share was HK29.59 cents, representing an increase of 9% over the same period of last year.

Property development

During the Year, there was a significant recovery in real estate market, sales of each of the main property project of the Group were satisfactory. Net turnover from property development had reached HK\$3,684.2 million (net of business tax), which were derived from two sectors: property sales and land sales. The Group completed 376,000 square meters in its property development business (excluding the interests attributable to the Group in its three associated companies) for the year and net sales income of property recorded HK\$3,520.4 million, an increase 45% and 39%, respectively over last year. During the year, the Group sold a piece of land located in Changsha, with a site area of 146,000 square meters, generating a net sales income of HK\$163.8 million. Annual contracted sales income for the Group amounted to approximately RMB5.0 billion (approximately HK\$5.7 billion), a significant increase of 107% over last year. By the end of 2009, apart from the sales income being recognized, the amount contracted but not booked was approximately RMB1.85 billion (approximately HK\$2.1 billion).

In the first quarter of 2010, the selling area under pre-sale contracts for the Group's developing properties was approximately 100,000 square meters, which was mainly come from Red Pine Mansion, Nanhu Rose Bay Phase II in Wuhan province, Royal Spring Villas Phase I in Dongguan and Garden Hill in Huizhou. This part of pre-sale income will be recognized in 2010.

Property under construction and land reserves

During the year, the Group had 17 property projects under construction, with a total gross floor area of approximately 1.737 million square meters. These projects were progressing smoothly. At present, the Group has a total gross land reserve of 11.10 million square meters (in gross floor area), with attributable gross floor area of 9.88 million square meters (excluding the interests attributable to the Group in its three associated companies). During the year, the newly-added land site was “Yihu Rose Court (怡湖玫瑰苑)” project, which is located at the city core center district of Qingbaijiang, Chengdu, with a site area of approximately 112,000 square meters and gross floor area of 350,000 square meters. This project is planned to be constructed as a residential and commercial complex with high-end residential and unique commercial features. The Group will continue to increase our land reserves through various means and our current land reserves are sufficient to meet our development needs in the next five to six years.

Province	City	Gross Floor	Attributable	%
		Area	gross floor	
		(square meters)	(square meters)	
Guangdong	Shenzhen	1,367,259	1,268,922	12.84%
	Huizhou	1,519,971	1,494,627	15.13%
	Heyuan	1,530,000	1,530,000	15.49%
	Foshan	1,722,998	1,722,998	17.44%
	Dongguan	435,892	435,892	4.41%
Hubei	Wuhan	403,209	239,056	2.42%
Hunan	Changsha	1,675,790	1,340,632	13.57%
Anhui	Maanshan	1,100,000	734,800	7.44%
	Chaohu	191,600	153,280	1.55%
Jiangsu	Taizhou	600,774	600,774	6.08%
Liaoning	Shenyang	201,282	94,603	0.96%
Sichuan	Chengdu	351,588	263,691	2.67%
Total		<u>11,100,363</u>	<u>9,879,275</u>	<u>100.00%</u>

Property investment

During the year, the Group's investment property continued to maintain a steady growth. The total area of our investment properties was approximately 600,000 square meters, with an achieved rental income of HK\$365.8 million, representing an increase of 0.8% over the same period of last year. During the year, the Group recorded a revaluation gain of HK\$213.8 million in its investment property portfolio and had already been accounted for as profit for the year.

Performance by associated companies

During the year, results performance of the Group's investments in associated companies was within our expectation. Of which, Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK\$199.3 million to the Group, an increase of 13% from a year earlier. Coastal Greenland Limited, another listed company in Hong Kong, made a loss of HK\$85.6 million, but a net profit contribution to the Group of HK\$89.5 million from a year earlier. In the meantime, Shenzhen Tianan Cyberpark Co., Ltd. made a net profit contribution of HK\$151.6 million to the Group, an increase of 30% from a year earlier.

Financial conditions

As at 31 December 2009, the Group's cash balance was HK\$6,434.2 million (31 December 2008: HK\$4,551.1 million), of which approximately 78% and 22% was denominated in Renminbi and other currencies (mainly in US\$ and HK\$) respectively. While Renminbi is not a freely convertible currency, however, under the Foreign Exchange Control Regulations of the PRC and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment of the PRC, the Group had been authorized to convert Renminbi into other currencies via authorized banks that can conduct foreign exchange businesses.

As at 31 December 2009, the Group's total bank loans amounted to HK\$10,966.7 million (31 December 2008: HK\$12,251.3 million), of which HK\$9,735.7 million were floating-rate loans (31 December 2008: HK\$9,508.9 million), and the rest were fixed-rate loans. Of all the loans, long-term loans amounted to HK\$7,704.4 million (31 December 2008: HK\$6,873.5 million) and short-term loans were HK\$3,262.3 million (31 December 2008: HK\$5,377.8 million).

As at 31 December 2009, the Group had net assets (after minority interests) of HK\$12,390.0 million and the ratio of net debts to net assets (after minority interests) was 36.6% (31 December 2008: 71.8%).

As at 3 August 2009, the Group placed 300,000,000 new shares to global institutional investors at a price of HK\$3.72 per share. The placing was over-subscribed by institutional investors, and had raised HK\$1.1 billion for the Group. The fund is mainly used for the acquisition of land reserves and payment of outstanding land amount.

As the Group's main operating cash flow are in Renminbi, while its assets and debts committed are mainly stated in Renminbi and US Dollar respectively. In the short run, exchange rate movements will have positive financial impact to the Group.

Capital structure

During the year, a total of 14,540,000 share options granted were exercised. Also during the year, the Company did not repurchase any share of the Company.

As at 31 December 2009, the Company had 3,527,835,090 shares in issue (31 December 2008: 3,213,295,090 shares).

Staff headcount and remuneration

As at 31 December 2009, the Group had a total staff number of 14,032, of which 32 were stationed in Hong Kong (mainly managerial and finance-related personnel), and the rest were in China.

The Group's staff remuneration is based on individual performance, professional qualifications, industry experience and relevant market trends. The management of the Group reviews regularly its compensation policies as well as the performance of its employees.

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

BUSINESS OUTLOOK

For the China's property sector, the year 2009 was full of dramatic changes. At the beginning of the year, with the implementation of stimulating economic plans and benefited from both the supporting policies promulgated by the central government as well as the better than expected relaxed monetary environment, the China's property sector was recovering gradually. The transaction volume of new housings was escalated with average transaction price kept on rising. Since the second half of the year, property prices of certain first or second line cities were increasing rapidly and had impeded the strong demand in buying housings for self-living purposes, resulting a decrease in new housings transactions. The benefiting policies for property sector gradually came to a stop when entering the fourth quarter of 2009 and the central bank had also begun to implement realistic monetary policy adjustment to tighten the excess liquidity. The transaction volume of new housings was further contracted but price level remained solid.

In the second half of last year, the real economy in PRC was further recovered. The stable economy promising trend continued and China was the economy that could survive and maintain its real growth after the financial crisis, and played an increasing important role in the recovery process of the global economy. Under the situation of both exports and investments could no longer boost up economic growth effectively, domestic consumption had become the power house to lead our economic growth. We believe the aforesaid changes will benefit the long-term outlook of property purchase. At the same time, with China's urbanization process developing well, income of nationals increasing in a steady pace, the prosperity of our population will remain for an extended period of time. Hence, we are fully confident about the medium to long term development of PRC property sector.

We noticed the surge in property pricing in the second half of the last year for certain cities, including Shenzhen, in China and also certain austerity measures by the central government in impeding the over-increase in property pricings. We concurred with the followings: property sector development should not be achieved at the expense of economic growth as this will result unreasonable increase in business operation costs and costs of living in urban areas and weakens its competitiveness. Excess liquidity is one of the major factors of this property price surge cycle and is devastating to the long-term healthy development of the property sector. We believe that in 2010, with the rectifying financial conditions, investment demand for properties will be deterred to a certain extent and therefore, property price should not have the same significant increase as it was in 2009 and fluctuations will be expected in certain regions. However, the continuous limited land supply in urban areas and rising land costs will maintain a stable level in property pricing.

In 2009, our pre-sale income of new housings amounted to RMB5 billion, up by 11% again after the adjustment of our annual sales target. As property demand was mostly concentrated in 2009, in terms of volume, there was a significant increase in its basic factor. We expect, on an average basis, the pre-sale of new housings by property developers in 2010 will decrease by 10% – 15% when compare with 2009. Our 2010 property sales target has been set at RMB4.5 billion under a prudent principle.

The Group will maintain its positive but stable sales policy in 2010. We will enhance our sales efforts and focus ourselves in developing medium to high end residential housings and offices, including Shum Yip City, Garden Hill, Snow Pine Building and Nanhu Rose Bay Phase III.

The Group will continue to increase our land reserve through several means. At present, the Group has a healthy financial position and sufficient cash flow and our gearing ratio is at reasonable level. The Group will further strengthen the extensive co-operation with Shum Yip Holdings, our substantial shareholder, actively pursue suitable market opportunities, realign our land reserve structure and increase the land reserve in Shenzhen and other city centers to increase our market share in Shenzhen as well as in other city centers.

By end of 2009, the Shenzhen Municipal Government pronounced the “Urban Renewal Ordinance (城市更新條例)”, providing opportunities for a large batch of old properties located in the prime locations of Shenzhen for upgrading and transformation. As Shenzhen Investment has over 600,000 square meters of investment properties located in the prime areas of Shenzhen, of which most of them are eligible for upgrading and transformation, hence, the Group is actively negotiating with the government to determine the coverage and scale of the properties for transformation. We are confident that we can construct those properties into high-end product portfolio in the future.

Enhance our brand name establishment, improve our brand name image and achieve our brand name added-value is another important mission of the Group in 2010. Besides enhancing our operation capabilities actively, improving our operating mode continuously, enhance product innovatively and control cost effectively, we will also fully leverage on the development of the brand name value of “Shum Yip Property”. We are confident that through the stable expansion of our development scale, on-going improvement of product quality, continuous promotion of brand image, consolidating and strengthening our market positioning in Shenzhen and other city centers, we will be able to achieve our vision to become a conglomerate developer with leading position in Shenzhen regions.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK7.00 cents per share in respect of the year ended 31 December 2009 (2008: final dividend of HK8.00 cents). Together with the interim dividend of HK5.00 cents per share which was paid on 12 October 2009, the total dividend per share for the year will be HK12.00 cents per share (2008: 11.00 cents per share). Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on or before 18 June 2010 to shareholders whose names appear on the register of members of the Company on 4 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 4 June 2010 to Wednesday, 9 June 2010 (both dates inclusive), during which period no transfers of shares will be registered. In order to qualify for the proposed final dividend, all completed transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 3 June 2010.

RETIREMENT OF DIRECTORS

In accordance with Article 92 of the Company's Articles of Association, Mr GUO Limin, Mr. XU Ruxin, Mr. MOU Yong and Mr. LIU Biao will retire and, being eligible, offer themselves for re-election at the annual general meeting.

In accordance with Article 101 of the Company's Articles of Association, Dr. WU Jiesi, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael will retire by rotation and being eligible offer themselves for re-election at the annual general meeting.

CORPORATE GOVERNANCE

The Company has adopted all the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules ("Code") as its own code on corporate governance practices. During the year, the Company has complied with the code provisions set out in the Code and there have been no material deviations from the Code.

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WONG Po Yan and Mr. WU Wai Chung, Michael. 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 audited consolidated financial statements for the year ended 31 December 2009.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to all shareholders, the public and employees of the Group for their unfailing support, assistance, service and dedication.

By Order of the Board
GUO Limin
Chairman

Hong Kong, 8 April 2010

As at the date of this announcement, the Board comprises 9 directors, of which Mr. GUO Limin, Mr. XU Ruxin, Mr. MOU Yong and Mr. LIU Weijin are the executive directors of the Company, Dr. WU Jiesi and Mr. LIU Biao are the non-executive directors of the Company and Mr. WONG Po Yan, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael are the independent non-executive directors of the Company.