



SRE GROUP LIMITED
上置集團有限公司

(Stock Code: 1207)

Interim Report 2014



Group Financial Highlights

For the six months ended
30 June 2014

Revenue (HK\$'000)	1,029,089
Net Profit attributable to owners of the parent (HK\$'000)	9,512
Basic earnings per share (HK cents)	0.17
Dividend per share – Interim (HK cents)	–

Interim Results

The Board of Directors (“the Board”) of SRE Group Limited is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2014 together with comparative figures for the previous corresponding period in 2013. The unaudited interim financial statements for the six months ended 30 June 2014 have been reviewed by the Company’s Audit Committee.

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	For the six months ended 30 June	
		2014 Unaudited	2013 Unaudited
Revenue	3	1,029,089	1,347,646
Cost of sales		(607,341)	(989,483)
Gross profit		421,748	358,163
Other gains – net		9,115	4,816
Selling and marketing expenses		(28,738)	(31,007)
Administrative expenses		(124,339)	(112,365)
Operating profit		277,786	219,607
Finance income		26,658	34,581
Finance costs		(207,137)	(154,276)
Finance costs – net		(180,479)	(119,695)
Share of profits of associates		322	895
Profit before tax		97,629	100,807
Income tax expense	4	(67,525)	(63,511)
Profit for the period		30,104	37,296
Other comprehensive income			
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of financial statements into presentation currency		(90,757)	170,205
Other comprehensive income for the period, net of tax		(90,757)	170,205
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(60,653)	207,501

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

		For the six months ended 30 June	
	Notes	2014 Unaudited	2013 Unaudited
Profit attributable to:			
Owners of the parent		9,512	25,894
Non-controlling interests		20,592	11,402
		30,104	37,296
Total comprehensive income attributable to:			
Owners of the parent		(77,971)	185,764
Non-controlling interests		17,318	21,737
		(60,653)	207,501
Earnings per share attributable to ordinary equity holders of the parent			
– Basic	5	HK\$0.17 cents	HK\$0.46 cents
– Diluted		HK\$0.17 cents	HK\$0.46 cents

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Financial Position

As at 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

		30 June 2014	31 December 2013
	Notes	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		1,338,871	1,343,584
Investment properties		5,164,650	5,214,575
Prepaid land lease payments		134,344	137,806
Goodwill		663,510	651,308
Investments in associates		75,532	75,939
Deferred tax assets		505,438	510,324
Non-current prepayment		6,299	6,360
		7,888,644	7,939,896
Current assets			
Prepaid land lease payments		11,372,851	11,300,584
Properties held or under development for sale		8,164,826	7,991,138
Inventories		27,218	12,076
Prepayments and other current assets		1,840,221	1,145,340
Other receivables		631,423	503,816
Trade receivables	7	141,933	35,503
Prepaid income tax		236,444	170,740
Cash and bank balances	8	2,508,020	2,941,096
		24,922,936	24,100,293
Total assets		32,811,580	32,040,189

Interim Consolidated Statement of Financial Position

As at 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

		30 June 2014	31 December 2013
	Notes	Unaudited	Audited
EQUITY AND LIABILITIES			
Equity			
Issued capital and premium		6,000,738	6,000,738
Other reserves		1,627,381	1,714,864
Retained profits		1,464,464	1,454,952
Proposed final dividend		–	60,046
		9,092,583	9,230,600
Equity attributable to owners of the parent			
Non-controlling interests		361,984	322,755
		9,454,567	9,553,355
Total equity			
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	9	11,643,598	10,233,940
Deferred tax liabilities		1,921,979	1,943,823
		13,565,577	12,177,763
Current liabilities			
Interest-bearing bank and other borrowings	9	5,243,961	5,322,462
Convertible bonds – host debts		8,754	8,332
Advances received from the pre-sale of properties under development		941,194	1,177,218
Trade payables	10	1,204,636	1,804,043
Other payables and accruals		857,446	421,021
Current income tax liabilities		1,535,445	1,575,995
		9,791,436	10,309,071
Total liabilities		23,357,013	22,486,834
Total equity and liabilities		32,811,580	32,040,189
Net current assets		15,131,500	13,791,222
Total assets less current liabilities		23,020,144	21,731,118

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

(Unaudited)

From 1 January 2014 to 30 June 2014

Attributable to owners of the parent

	Issued capital and premium	Asset revaluation reserve	Surplus reserve	Exchange fluctuation reserve	Other reserves	Equity component of		Proposed final dividends	Total	Non- controlling interests	Total Equity
						convertible bonds	Retained profits				
At 1 January 2014	6,000,738	1,211	367,249	1,740,855	(397,261)	2,810	1,454,952	60,046	9,230,600	322,755	9,553,355
Total comprehensive income for the period	-	-	-	(87,483)	-	-	9,512	-	(77,971)	17,318	(60,653)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	21,911	21,911
2013 final dividends	-	-	-	-	-	-	-	(60,046)	(60,046)	-	(60,046)
At 30 June 2014	6,000,738	1,211	367,249	1,653,372	(397,261)	2,810	1,464,464	-	9,092,583	361,984	9,454,567

(Unaudited)

From 1 January 2013 to 30 June 2013

Attributable to owners of the parent

	Issued capital and premium	Asset revaluation reserve	Surplus reserve	Exchange fluctuation reserve	Other reserves	Equity component of		Retained profits	Total	Non- controlling interests	Total Equity
						convertible bonds					
At 1 January 2013	6,000,738	1,211	320,136	1,460,228	(89,069)	2,810	1,361,940	9,057,994	704,340	9,762,334	
Total comprehensive income for the period	-	-	-	159,870	-	-	25,894	185,764	21,737	207,501	
Change due to increase in equity interests in a subsidiary	-	-	-	-	(347,003)	-	-	(347,003)	(417,604)	(764,607)	
At 30 June 2013	6,000,738	1,211	320,136	1,620,098	(436,072)	2,810	1,387,834	8,896,755	308,473	9,205,228	

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	For the six months ended 30 June	
		2014 Unaudited	2013 Unaudited
Cash flows from operating activities			
Cash used in operations	12	(1,143,074)	(603,251)
Interest paid		(451,138)	(513,886)
Income tax paid		(161,987)	(255,510)
Net cash flows used in operating activities		(1,756,199)	(1,372,647)
Cash flows from investing activities			
Purchases of property, plant and equipment		(219,192)	(156,534)
Proceeds from disposal of property, plant and equipment		163	965
Acquisition of subsidiaries, net of cash acquired		(14,746)	–
Disposal of subsidiaries		145,199	248,818
Settlement of receivables in connection with acquisition of Konmen Investment Limited		–	532,622
Investment in an subsidiary in the progress of registration		–	(19,035)
Decrease in time deposits with original maturity of over three months		2,544	2,466
Interest received		13,495	2,805
Net cash flows (used in)/from investing activities		(72,537)	612,107
Cash flows from financing activities			
Increase in borrowings		1,412,096	2,645,168
Payments for the redemption of Guaranteed Senior Notes		–	(566,922)
Payments for acquisition of an equity interest of a subsidiary from a non-controlling shareholder		–	(458,000)
Decrease/(increase) in pledged bank deposits		18,124	(795,924)
Increase in restricted deposits in relation to bank borrowings		(4,069)	(2,549)
Net cash flows from financing activities		1,426,151	821,773
Net (decrease)/increase in cash and cash equivalents		(402,585)	61,233
Cash and cash equivalents at beginning of period		1,382,220	1,253,004
Effect of foreign exchange rate changes, net		(12,329)	23,047
Cash and cash equivalents at end of period		967,306	1,337,284



Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

1. Basis of preparation and accounting policies

1.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

1.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new and revised standards and interpretations as of 1 January 2014, as described below:

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

HK(IFRIC) Interpretation 21 Levies (HK(IFRIC) 21)

HK(IFRIC) 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. HK(IFRIC) 21 is effective for annual periods beginning on or after 1 January 2014. Currently, the Group does not expect that HK(IFRIC) 21 will have significant impact on the Group's financial statements.

1. Basis of preparation and accounting policies (continued)

1.2 Significant accounting policies (continued)

Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

The amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

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

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

2. Operating Segment Information

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

- The property development segment develops and sells residential and commercial properties;
- The property leasing segment leases offices and commercial properties owned by the Group which are classified as investment properties;
- The hotel operations segment provides hotel accommodation, hotel catering and conference hall services; and
- The corporate and other operations segment comprises, principally, the provision of property management services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. The performance of each segment is evaluated based on its operating profit or loss before tax and the methodology used for its calculation is same as that for the consolidated financial statements. However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

2. Operating Segment Information (continued)

An analysis by business segment is as follows:

	Six months ended 30 June 2014 (unaudited)				Total
	Property development	Property leasing	Hotel operations	Corporate and other operations	
Segment revenue					
Sales to external customers	808,806	48,582	85,218	86,483	1,029,089
Intersegment sales	-	-	-	1,407	1,407
	<u>808,806</u>	<u>48,582</u>	<u>85,218</u>	<u>87,890</u>	<u>1,030,496</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,407)
Revenue					<u>1,029,089</u>
Segment profit/(loss)	<u>256,632</u>	<u>28,233</u>	<u>6,593</u>	<u>(13,672)</u>	<u>277,786</u>
Finance income					26,658
Finance costs					(207,137)
Finance costs – net					<u>(180,479)</u>
Share of profits of associates					<u>322</u>
Profit before tax					<u>97,629</u>

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

2. Operating Segment Information (continued)

	Six months ended 30 June 2013 (unaudited)				
	Property development	Property leasing	Hotel operations	Corporate and other operations	Total
Segment revenue					
Sales to external customers	1,118,822	60,385	92,854	75,585	1,347,646
Intersegment sales	–	–	–	139,571	139,571
	1,118,822	60,385	92,854	215,156	1,487,217
<i>Reconciliation:</i>					
Elimination of intersegment sales					(139,571)
Revenue					1,347,646
Segment profit/(loss)	194,830	37,984	7,322	(20,529)	219,607
Finance income					34,581
Finance costs					(154,276)
Finance costs – net					(119,695)
Share of profits of associates					895
Profit before tax					100,807

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

3. Revenue

An analysis of revenue during the period is as follows:

	(unaudited)	
	For the six months	
	ended 30 June	
	2014	2013
Sale of development properties	855,024	1,182,053
Hotel operations	90,319	98,412
Revenue from property leasing	52,448	57,037
Property management income	91,571	78,676
Revenue from construction of infrastructure for an intelligent network	691	9,722
Other revenue	2,519	4,511
	1,092,572	1,430,411
Less: Business tax and surcharges (a)	(63,483)	(82,765)
Total revenue	1,029,089	1,347,646

(a) Business tax and surcharges

Business tax is calculated at 5% of the revenue from the sale of properties, hotel operations, the provision of property management services and property leasing and at 3% of the net income received from the construction of infrastructure for an intelligent network after deducting amounts payable to subcontractors.

Government surcharges, comprising City Maintenance and Construction Tax, Education Surtax and River Way Management Fee, are calculated at certain percentages of business tax.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

4. Tax

	(unaudited)	
	For the six months	
	ended 30 June	
	2014	2013
Current taxation		
– Mainland China income tax (a)	25,555	40,244
– Mainland China LAT (c)	45,211	12,872
	70,766	53,116
Deferred taxation		
– Mainland China income tax	164	(677)
– Mainland China LAT	(1,609)	(32)
– Mainland China withholding tax (d)	(1,796)	11,104
	(3,241)	10,395
Total tax charge for the period	67,525	63,511

4. Tax (continued)

(a) Mainland China income tax

The Group conducts nearly entirely all of its business in Mainland China and the applicable income tax rate of its subsidiaries operating in Mainland China is generally 25%, in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

For the pre-sale of properties under development, the tax authorities may impose income tax ahead of the completion of sale transactions and revenue recognition, based on certain estimations.

(b) Other income tax

The Company is exempted from taxation in Bermuda until 2016. Taxes on profits assessable elsewhere are calculated at the rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

(c) Mainland China land appreciation tax ("LAT")

LAT is incurred upon transfer of property ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures.

For the pre-sale of properties under development, the tax authorities may impose LAT ahead of the completion of transactions and revenue recognition, generally based on 1.5% to 4.5% on proceeds of the sale and pre-sale of properties.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

4. Tax (continued)

(d) Mainland China Withholding tax

Pursuant to the PRC Corporate Income Tax Law which became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 are exempted from withholding tax.

5. Earnings per Share

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,664,713 thousand (2013: 5,664,713 thousand) in issue during the period.

For the periods ended 30 June 2014 and 2013, the calculation of diluted earnings per share amount does not take into account the convertible bonds, because they are anti-dilutive. Hence, the diluted earnings per share are the same as the basic earnings per share for the periods ended 30 June 2014 and 2013.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

5. Earnings per Share (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
<hr/>		
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations	9,512	25,894
	<hr/>	
	Number of shares	
	For the six months ended 30 June 2014	For the six months ended 30 June 2013
	(Thousand shares)	(Thousand shares)
<hr/>		
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	5,664,713	5,664,713
	<hr/>	
	5,664,713	5,664,713
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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

6. Dividend

On 28 August 2014, the Board resolved not to declare an interim dividend for the six months ended 30 June 2014 (2013: Nil).

7. Trade Receivables

	30 June 2014 Unaudited	31 December 2013 Audited
Trade receivables	152,013	45,680
Less: Provision for impairment	(10,080)	(10,177)
	141,933	35,503

An aging analysis of trade receivables is set out below:

	30 June 2014 Unaudited	31 December 2013 Audited
Within 6 months	124,550	26,176
6 months – 1 year	16,870	379
1 – 2 years	4,140	7,913
Over 2 years	6,453	11,212
	152,013	45,680

Trade receivables are non-interest-bearing. The credit terms offered by the Group are normally less than 6 months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

8. Cash and bank balances

	30 June 2014 Unaudited	31 December 2013 Audited
Cash on hand	4,144	2,719
Demand and notice deposits	963,162	1,379,501
Cash and cash equivalents	967,306	1,382,220
Time deposits with original maturity of more than 3 months	–	2,544
Pledged bank deposits (a)	1,520,169	1,538,293
Restricted bank deposits under a development project (b)	7,617	9,180
Restricted bank deposits relating to bank borrowings (c)	12,928	8,859
Cash and bank balances	2,508,020	2,941,096

- (a) As at 30 June 2014, bank deposits of approximately HK\$1,520 million (31 December 2013: HK\$1,538 million) were pledged as securities for bank borrowings.
- (b) These restricted bank deposits are mainly funds designated for relocating existing residents under a development project. As at 30 June 2014, such funds amounted to approximately HK\$8 million (31 December 2013: approximately HK\$9 million).
- (c) An amount of RMB10 million (equivalent to HK\$13 million) (31 December 2013: RMB7 million, equivalent to HK\$9 million) is restricted in connection with bank borrowings.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

9. Interest-bearing Bank and Other Borrowings

Interest-bearing bank and other borrowings include bank loans, trust loans and corporate bonds issued to various investors, each with a denomination of HK\$10 million and a tenor of 7 years.

As at 30 June 2014, the aggregate bank and other borrowings of the Group amounted to approximately HK\$16,888 million (31 December 2013: approximately HK\$15,556 million), approximately HK\$16,312 million (31 December 2013: approximately HK\$15,024 million) of which were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment and properties held or under development for sale, or by pledge of equity interest in subsidiaries and bank deposits.

As at 30 June 2014, bank deposits of approximately HK\$1,520 million (31 December 2013: approximately HK\$1,538 million), leasehold land of approximately HK\$7,695 million (31 December 2013: approximately HK\$8,718 million), investment properties of approximately HK\$5,144 million (31 December 2013: approximately HK\$5,194 million), properties held or under development for sale of approximately HK\$6,264 million (31 December 2013: approximately HK\$5,113 million), property, plant and equipment of approximately HK\$1,618 million (31 December 2013: approximately HK\$1,309 million) and equity interests in certain subsidiaries of the Group of approximately HK\$4,343 million (31 December 2013: approximately HK\$5,621 million) were pledged as collateral for the Group's borrowings and banking facilities.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

10. Trade Payables

	30 June 2014 Unaudited	31 December 2013 Audited
Trade payables	1,204,636	1,804,043

An aging analysis of trade payables is as follows:

	30 June 2014 Unaudited	31 December 2013 Audited
Within 1 year	1,065,874	1,169,764
1 – 2 years	107,940	433,290
Over 2 years	30,822	200,989
	1,204,636	1,804,043

Trade payables represent payables arising from property construction. The trade payables are non-interest-bearing and are normally settled within one year.

11. Related Party Transactions

As at 30 June 2014, a bank loan with a principal amount of HK\$220 million (31 December 2013: HK\$220 million) was secured by pledge of a number of properties including a private property held by Mr. Shi Jian, the Chairman of the Company, and Md. Si Xiao Dong, the spouse of Mr. Shi Jian.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

12. Notes to the Consolidated Statement of Cash Flows

Reconciliation of profit before tax to cash used in operations:

	For the six months ended 30 June	
	2014 Unaudited	2013 Unaudited
Profit before tax	97,629	100,807
Adjustments for:		
Depreciation of property, plant and equipment	24,080	25,996
Share of profits of associates	(322)	(895)
Finance income	(26,658)	(34,581)
Finance costs	207,137	154,276
	301,866	245,603
Decrease/(increase) in restricted bank deposits	1,563	(1,538)
(Increase)/decrease in prepaid land lease payments	(178,720)	125,499
Decrease/(increase) in properties held or under development for sale	52,050	(320,130)
Increase in inventories	(15,286)	(7,282)
Increase in prepayments and other current assets	(687,939)	(51,133)
Increase in other receivables	(282,563)	(101,800)
Increase in trade receivables	(101,908)	(3,309)
Decrease in trade payables	(369,961)	(73,504)
Increase/(decrease) in other payables and accruals	364,061	(434,250)
(Decrease)/increase in advances received from the pre-sale of properties under development	(226,237)	18,593
Cash used in operations	(1,143,074)	(603,251)

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

13. Commitments

	30 June 2014 HK\$'000 Unaudited	31 December 2013 HK\$'000 Audited
Contracted, but not provided for		
Properties held or under development for sale	1,476,711	1,348,489
Property, plant and equipment and leasehold land	–	24,753
	1,476,711	1,373,242
Authorised, but not contracted for		
Properties held or under development for sale	172,304	399,324
Property, plant and equipment and leasehold land	–	19,215
	172,304	418,539
	1,649,015	1,791,781

14. Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value of financial assets and financial liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market or when current market prices are not available, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and bank balances and receivables.

The Group's financial liabilities mainly include interest-bearing bank and other borrowings, convertible bonds and payables.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

14. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value of financial assets and financial liabilities (continued)

Except as indicated below, the fair values of the Group's financial instruments are not materially different from their carrying amounts. Fair value estimates are made at a specific point in time and are based on relevant market information and appropriate valuation models.

	30 June 2014		31 December 2013	
	Unaudited		Audited	
	Carrying amount	Fair value	Carrying amount	Fair value
Convertible bonds – host debts	8,754	9,034	8,332	9,008

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Asset measured at fair value:

The Group did not have any financial asset measured at fair value as at 30 June 2014 and 31 December 2013.

Notes to the Financial Statements

(Amounts expressed in HK\$'000 unless otherwise stated)

14. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

The Group did not have any financial liability measured at fair value as at 30 June 2014 and 31 December 2013.

Liabilities for which fair value are disclosed:

As at 30 June 2014

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Convertible bonds – host debts	–	–	9,034	9,034

As at 31 December 2013

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Convertible bonds – host debts	–	–	9,008	9,008

15. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2014.



Management Discussion and Analysis

Financial Review

During the period under review, the Group recorded a net revenue of approximately HK\$1,029 million (2013: HK\$1,348 million), a decrease of approximately 23.7% compared with that of the corresponding period of last year. The decrease in net revenue was mainly due to the decrease in revenue generated from sales of development properties. Profit attributable to owners of the parent amounted to approximately HK\$10 million (2013: approximately HK\$26 million).

Liquidity and Financial Resources

As at 30 June 2014, cash and bank balances amounted to approximately HK\$2,508 million (31 December 2013: approximately HK\$2,941 million). Working capital (net current assets) of the Group as at 30 June 2014 amounted to approximately HK\$15,132 million (31 December 2013: approximately HK\$13,791 million), an increase by approximately 10% as compared with the previous year. Current ratio was at 2.55x (31 December 2013: 2.34x).

As at 30 June 2014, the gearing ratio, being the Group's net borrowings (total borrowings minus cash and bank balance) to total capital (equity plus net borrowings), was 60% (31 December 2013: 57%).

Charges on Assets and Contingent Liabilities

As at 30 June 2014, bank and other borrowings of approximately HK\$16,312 million (31 December 2013: approximately HK\$15,024 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment and properties held or under development for sale, or by pledge of equity interest in subsidiaries, bank deposits and cashflow from pre-sale of properties.

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantee agreements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end when the purchasers pledge related property certificates as securities to the banks for the mortgage loans granted by the banks. The Group entered into guarantee contracts of principal amounts totalling RMB511 million (equivalent to HK\$644 million) and these contracts were still valid on 30 June 2014 (31 December 2013: RMB484 million, equivalent to HK\$615 million).

Management Discussion and Analysis

The Group did not incur any material losses during the period in question in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realisable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, because the mortgage principals were normally below 70% of sales price of the properties at date of sales agreement, and therefore no provision was made in connection with the guarantees under these financial statements.

Business Review

In the first half of 2014, affected by the tightening of credit and the permeation of the wait-and-see mood in the market, the average property price of a hundred cities had fallen for the first time in May after it has risen continuously for two years, and the decline in June even widened. The sales volume in the first half of the year was obviously lower than that of the same period of last year, and the decrease in first-tier cities was the sharpest. Many of the leading real estate developers failed to achieve their sales target for the first half of the year and performed poorly as the achievement ratio was concerned as compared with the same period of last year. In the first half of the year, the Group further deepened its organisational reform, set up eight business units and established a horizontal and highly efficient management structure. In order to ensure that the presale of certain projects can commence in the second half of the year, it accelerated the construction of three new projects, including 30,000 m² of Bairun Project in Huangpu District, Shanghai, 160,000 m² of Shanghai Albany Garden Phase III, and 184,000 m² of Shenyang Albany Garden Phase II. The Group kept pace with the times and created an internet finance service platform named "Skyway e House (天地e家)" to adjust and enhance its industry mix.

Real Estate Development

Sales Progress

In the first half of 2014, the Group's major projects put up for sale included Cedar Villa Original, Central Ring Centre, SRE Financial Centre, Lake Malaren Garden, Haikou Bund Centre, Shenyang Albany Oasis Garden and Shenyang Yosemite Oasis Community. From January to June 2014, the Group achieved contract sales of approximately RMB204.2 million for a total floor area of 11,209 m², which, inter alia, included:

Management Discussion and Analysis

Cedar Villa Original

The Cedar Villa Original rests on Lake Malaren, Luodian Nordic New Town, Baoshan District, Shanghai. It boasts the benefits of its proximity to Lake Malaren and high-end facilities including a golf course, featuring a golden Tuscan style of authentic Italian origin. A total of 7 units with a total area of 1,077 m² were sold in the first half of 2014, and the contract sums totaled RMB27.16 million (an average of RMB25,226 per m²).

Central Ring Centre

As a landmark of the Shanghai Central Ring business district, the Central Ring Centre, with all qualities of Grade 5A office buildings and well equipped with all sorts of facilities, has attracted an increasing number of companies. From January to June 2014, a total of 12 units measuring a total area of 916 m² were sold for RMB29 million (averaging RMB30,200 per m²).

SRE Financial Centre

SRE Financial Centre is a 37,000 m² government approved five-star hotel style (Shanghai Skyway Pullman Hotel Style) office center which comprised approximately 140 units with the area of each individual unit ranging from 210 m² to 288 m². Located in the center of Huangpu District, SRE Financial Centre is well integrated into the hub of the financial services industry, and is enjoying the geographical advantages of “capturing a panoramic view along the Huangpu River, the superb ancillary facilities of the hub and its convenience”. Thus, this building stands out amongst high-end office properties available for sale and arouses extensive interests. From January to June 2014, a total of 11 units measuring a total area of 2,519 m² were sold for RMB106.67 million (averaging RMB42,344 per m²).

Lake Malaren Garden

Lake Malaren Garden resides in Luodian Nordic New Town, Baoshan District, Shanghai. These golf club garden villas feature eclectic European architecture, a palatable harmony with the natural beauty, the architectural features and the cultural environment of the Nordic New Town. These coupled with the Rich Gate brand have attracted much attention. From January to June 2014, a total of 8 units measuring a total area of 1,086 m² were sold for RMB21.77 million (averaging RMB19,945 per m²).

Management Discussion and Analysis

Haikou Bund Centre

In 2010 and in the first half of 2011, Hainan's real estate market experienced vigorous sales triggered by the central government's policy of positioning the province as an "International Tourism Island" before the subsequent cooling off as a result of the strict macro-control measures implemented by both the central and local governments. The Haikou Bund Centre project managed to adjust its strategies proactively and achieved satisfactory sales. A total of 3 units of the phase I of the project with a total area of 570 m² were sold from January to June 2014, yielding an aggregate amount of RMB8.7 million (an average of RMB15,276 per m²).

Progress of Construction

Adhering to development plans and construction schedules outlined at the beginning of 2014, the Group and its subsidiary companies have been carrying out construction works in an orderly and standardized manner, while making every effort to uphold our principle of maintaining high quality. Major projects under construction:

Shanghai Albany Oasis Garden Phase III

As at the end of June 2014, the construction of PHC tubular pile engineering, enclosure engineering and compaction grouting engineering were fully completed, the floor of underground garage was entirely completed, and ceiling of the underground garage was 90% completed. At present, the internal wall of the secondary structure is being constructed.

Bairun Project

As at June 2014, the main structure of block 1 to block 3 was completed to the sixth floor, the underground structure of block 4 and block 5 was 40% completed. As for block 6, the steel structure of the curtain wall and external thermal insulation were 80% completed.

Shenyang Albany Phase II

The total gross floor area of Phase II amounts to 184,000 m², and the project is divided into section A and section B. As at June 2014, the construction of the main structure of the high-rise buildings in section A was completed. At present, the auxiliary engineering works are about to commence. The construction of main structure of the super high-rise building was completed to the 32nd floor and that for high-rise buildings in section B was completed to the 14th floor and that for the super high-rise building was completed to the fourth floor.

Management Discussion and Analysis

Shenyang Yosemite Oasis Community

As at the end of June 2014, the construction of the west parcel of Phase I of Shenyang Yosemite Oasis Community had been fully completed and the sold units had already been handed over to buyers. The east parcel of Phase I is divided into 2 sections, namely Jinling and Shuangxing. The construction of Jinling section was fully completed and the sold units had been handed over to buyers; most of the main structures in Shuangxing has been topped off, and the laying of roof tiles is underway. It is expected that construction will be completed with the sold units ready for handover to buyers in September 2014.

Progress of Relocation

Albany Oasis Garden

As at the end of June 2014, save for parcel A for which the evacuation and demolition has not yet started, 6,214 households representing 98.1% of the total had been relocated while all economic enterprises had been relocated.

Bairun Project

As of the end of June 2014, all of the 374 households, 16 sole proprietors and 9 enterprises had been completely relocated.

Rich Gate I (Qinhai Oasis Garden)

As at the end of June 2014, with 891 households and 1 enterprise relocated, households relocation for Rich Gate I project was 39.7% completed and enterprises relocation for Rich Gate I project was 2.4% completed. The project was included in the renovation of old cities of Shanghai and Huangpu district of 2014, and the House Acquisition Agreement had been signed with Shanghai Huangpu District Construction and Traffic Committee.

Shenyang Albany

As of the end of June 2014, Shenyang Albany had signed relocation contracts with 1,383 households and 13 enterprises (including schools), with negotiations for 117 households and 12 enterprises and schools still in progress. The relocation was about 92% completed for households and 52% completed for enterprises and schools respectively.

Commercial Properties

During the first half of 2014, the Group continued to enhance the management and operation of its commercial properties to cope with the changing market conditions and opportunities, expeditiously adjusted the operation strategies, utilized its advantages in brands and management capabilities, and strived to improve profitability with the benefits of the experiences earned. Details include the following:

Shanghai Skyway Pullman Hotel

From January to June 2014, the hotel recorded revenue of RMB71.53 million, comprising room revenue of RMB37.86 million and revenue from food and beverages of RMB29.83 million. Gross profit amounted to approximately RMB16.33 million and the occupancy rate was about 87%.

Shenyang Rich Gate Shopping Mall

Shenyang Rich Gate Shopping Mall offers a wide range of varieties, such as shopping, fine food, leisure, entertainment, culture, sports & recreation and services. As of June 2014, a total area of 67,137 m² were leased, accounting for 60% of the total rentable area, and rental income totaled RMB21.45 million.

Central Ring Centre

During the first half of 2014, Central Ring Centre had made tremendous efforts in attracting tenants. Currently, commercial and office spaces of 39,000 m², and an underground parking garage of 57,000 m² are for lease. For the six months ended June 2014, rental income totaled RMB20.80 million, RMB18.08 million of which were lease income from commercial area and office spaces while parking fee income totaled RMB2.72 million.

Management Discussion and Analysis

Business Outlook

In 2014, the new government made efforts to promote the building of a sound, effective and long-term mechanism. Judging from the behavior of the government after the launch of the “Five Regulations” in 2013, the Central Government no longer only focuses on home prices, but is paying more attention on safeguards for a healthy market by establishing a well-designed long-term and effective mechanism. In the medium and long run, the promulgation of rules regarding, for example, a unified registration system for real estate, public disclosure of assets and the continuing development of a proper tax regime for the real estate market will further promote the establishment and improvement of the long-term and effective mechanism and the development of the real estate market in a healthy manner. Local governments promulgate policies based on the local market conditions; thus purchase restriction policies, being extreme policies in extreme times, will gradually be phased out in third and fourth tier cities. Under the backdrop of deepening comprehensive reforms, the real estate industry will surely have more market opportunities and challenges.

In the finance and capital market aspect, in the second half of the year, the monetary policy will aim at striking a balance between “stable growth”, “risk mitigation” and “reduction of leverage”. It is expected that the theme of maintaining a stable and healthy monetary policy will remain unchanged and a loose monetary policy will be maintained to ensure adequate supply of liquidity in the market. The benchmark interest rates of deposits and loans will remain stable but loan interest rates is expected to rise. At present, policies towards real estate loans will strictly conform to policies set by the State Council for construction loans, home mortgage loans and loans related to land reserves and others, and such policies will not be relaxed. The reduction of deposit reserve ratio for specified financial institutions will increase liquidity and promote the development of financial markets; the removal of restrictions on subsequent-offerings, the pilot scheme of preference shares will further broaden direct financing channels in the capital markets; differentiated credit policies will become the mainstream of real estate market credit policies and will help release the suppressed basic and inelastic demands for real estate in the market.

Management Discussion and Analysis

For sales and marketing, full understanding of the market and grasping the right direction is key. With regard to market trend, along with the recovery of demand, supply will also surge. Supply will exceed demand and will result in “de-stocking” which is the main theme in the second half of the year. Home price adjustments will deepen and there will be downside pressure for home prices in certain cities. The Group will make sufficient preparations and brace ourselves for the challenges. In the second half of the year, the Group will, in promoting the sales of new projects such as Shanghai Huangpu Bairun Project, Shanghai Albany Oasis Garden Phase III, and Shenyang Albany Oasis Garden Phase II, “realign” values of the projects so as to ensure that such values are congruent with the demands of the real purchasers in the slackening market. The Group will also, through professional and systematic marketing integrated with effective execution, adhere to fine details in marketing, focus on customer management and maintenance in order to achieve maximum return with minimum input, exercise full control over the process, exercise flexibility when responding to market changes and establish a comprehensive “risk control system”, etc. The Group believes that success is dependent on attention to details and these measures will help the Group to improve its operating results in the slackening market.

According to the statistics published by the China National Statistics Bureau, total investments in real estate development in the first half of 2014 amounted to RMB4.2019 trillion, representing an increase of 14.1% over the same period of last year. Out of this total amount, investment in residential property development amounted to RMB2.8689 trillion, representing an increase of 13.7% over the same period of last year. The growth in investment in the development of the real estate market declined as compared with the same period of last year. The transaction volume of commodity housing decreased as compared with the same period of last year and the average price saw negative growth over the same period of last year. The performance in real estate markets in cities of all tiers was unsatisfactory.

In the second half of 2014, with the support of the growth stabilizing policies, the economy is expected to improve; the micro stimulation will bring short-term stabilization of the economy, yet downside pressures still remain. It is difficult for the favorable policies to change the cyclical downward trend, and the internal adjustment of the real estate market will continue. Under such an overall weak macroeconomic environment, by improving the management system, accelerating the launch of new projects, adjusting the group structure and by moving into internet finance innovatively, the Group will through business integration continue to capitalize on its competitive advantages.

Management Discussion and Analysis

Directors' and Chief Executives' Interests in Equity or Debt Securities

As at 30 June 2014, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be made known to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), to be made known to the Company and Stock Exchange; or (iv) which were required to be disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

Long position in Shares of the Company

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of shareholding
Shi Jian	13,006,991	2,324 (Note 1)	2,889,659,128 (Note 2)	2,902,668,443	51.24%
Li Yao Min	5,172,324	–	–	5,172,324	0.09%
Yu Hai Sheng	6,236,091	–	–	6,236,091	0.11%
Zhuo Fumin	–	160,000 (Note 3)	–	160,000	0.003%

Notes:

1. These Shares were held by Md. Si Xiao Dong, the spouse of Mr. Shi Jian.
2. These 2,889,659,128 Shares were held by SRE Investment Holding Limited (“SRE Investment”). As Mr. Shi Jian and his spouse, Md. Si Xiao Dong together beneficially own 63% of the issued share capital of SRE Investment as at 30 June 2014, Mr. Shi was deemed to be interested in these 2,889,659,128 Shares.
3. These Shares were held by Md. He Pei Pei, the spouse of Mr. Zhuo Fumin.

Management Discussion and Analysis

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

Substantial Shareholders' Interests

As at 30 June 2014, so far as is known to any Director or chief executives of the Company, the following persons, other than a Director or chief executives of the Company, had interests of the Company or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under the Section 336 of Part XV of the SFO:

Long positions in Shares

Name of Shareholder	Capacity	Number of issued ordinary shares held (Note 1)	Approximate percentage of shareholding
Si Xiao Dong	Beneficial owner, spouse and corporate interest	2,902,668,443 (L) (Note 2)	51.24%
SRE Investment	Beneficial owner	2,889,659,128 (L)	51.01%

Notes:

- (1) "L" represents long positions in Shares and "S" represents short positions in Shares.
- (2) These Shares comprised 2,324 Shares held by Md. Si Xiao Dong, 13,006,991 Shares held by her spouse, Mr. Shi Jian and 2,889,659,128 Shares which SRE Investment was interested in.

Save as disclosed above, none of the Directors nor the chief executives of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

Management Discussion and Analysis

Employees

As at 30 June 2014, the Group had retained 2,150 employees in Hong Kong and the PRC. Total staff costs of the Group excluding directors' remuneration, for the period under review amounted to approximately HK\$95 million. Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Share Option Scheme

During the six months ended 30 June 2014, there was no share option scheme granted.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2014.

Change of Information of Directors

On 16 June 2014, Mr. Jiang Xie Fu resigned as an independent non-executive director (“**INED**”) of the Company and the Chairman of the audit committee (“**AC**”) of the Company.

On 14 August 2014, Mr. Jiang Xu Dong has resigned from his positions as an executive director, a Vice-chairman of the Board and the Chief Executive Officer of the Company. On the same date, Mr. Yuan Dexin has been appointed as the Chief Financial Officer in place of Mr. Wang Zi Xiong (“**Mr. Wang**”). Mr. Wang has been appointed as the Chief Executive Officer of the Company and continues to act as the Vice-chairman of the Board. On the same date, Mr. Chan, Charles Sheung Wai, an INED of the Company and an existing member of the AC, has been appointed as the Chairman of the AC and Mr. Yuan Pu has been appointed as a member of the AC.

Save as disclosed herein, the Board is not aware of any other matters relating to appointments, re-designations and resignations that should be disclosed pursuant to Rules 13.51(2)(a) to (x) of the Listing Rules or any other matters that need to be brought to the attention of the shareholders of the Company and the HKEx.

Directors' Compliance with the Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all Directors, who have confirmed that they complied with required standard set out in the Model Code.

Audit Committee

The AC of the Company has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Group's unaudited consolidated financial statements for the six months ended 30 June 2014 have been reviewed by the AC.

Corporate Governance

Throughout the financial period, the Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules except for E.1.2 which stipulates that the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Shi Jian, the Chairman of the Board and the Chairman of the Nomination Committee, did not attend the annual general meeting for the year 2014 due to other business commitments.

In addition, due to Mr. Jiang Xie Fu's resignation as an INED and the chairman of the AC, the Company since 16 June 2014 temporarily failed to comply with (i) Rule 3.10A of the Listing Rules, which requires that the INEDs of the Company shall represent at least one-third of the board; and (ii) Rule 3.21 of the Listing Rules that the INEDs who are members of the AC of the Company shall form the majority of the AC of the Company and the AC of the Company shall be chaired by an INED. Following the resignation of Mr. Jiang Xu Dong as an Executive Director of the Company and the appointment of Mr. Chan, Charles Sheung Wai and Mr. Yuan Pu as the Chairman and a member of the AC respectively on 14 August 2014, and such non-compliance was rectified.

Management Discussion and Analysis

Disclosure of Information on the Website of the Stock Exchange

The interim report for 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the Stock Exchange website (<http://www.hkex.com.hk>) in due course.

On behalf of the Board

SRE Group Limited

Shi Jian

Chairman

Hong Kong, China, 28 August 2014



Details of projects under development:

Project	Location	Land Use	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Holding Proportion of SRE
The Bund Center Haikou	No.18 Taihua Road, Longhua District, Haikou City, Hainan Province, The PRC	Hotel	45,458	2014	95%	79%
		Residential Phase II	212,545	2017	0%	79%
		Commercial Phase II	16,316	2017	0%	79%
Minhang Project	No. 3888, Kunyang Northern Road, Maqiao Town, Minhang District, Shanghai, The PRC	Residential	103,164	yet to be decided	0%	27.70%
Albany Oasis Garden	No. 699, Zhong Xing Road, Zhabei District, Shanghai, The PRC	Residential Phase III	159,500	2016	15%	100%
		Residential Phase IV	45,000	2018	0%	100%
		Commercials	40,000	2018	0%	100%
		Office & Hotel	100,500	2018	0%	100%
Shengyang Albany	South Heping Road, Heping District, Shenyang City, Liaoning Province, The PRC	Residential Phase IIA	87,972	2015	60%	97.50%
		Residential Phase IIB	90,100	2016	10%	97.50%
		Commercial Phase IIB	3,003	2016	0%	97.50%
		Super Market Phase IIIA	24,106	2015	30%	97.50%
		Residential Phase IIIB	100,503	2017	0%	97.50%
		Commercial Phase IIIB	6,384	2017	0%	97.50%
		Residential Phase IIIC	101,970	2018	0%	97.50%
Commercial Phase IIIC	3,620	2018	0%	97.50%		

Property Details

Project	Location	Land Use	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Holding Proportion of SRE
Jiang Nan Rich Gate	Within Wuxi	Residential	50,544	2014	98%	98.75%
	Wuxi					
	Hongshan New Town					
Pudong Project	Yongfa Road, Pudong	Residential	48,288	yet to be decided	0%	98.75%
	New District,					
	Shanghai, The PRC					
Bairun Project	99 Lane 99, Baotun	Residential	26,719	2015	50%	50.36%
	Road, Huangpu	Commercials	4,435	2015	60%	50.36%
	District, Shanghai,	Facilities	623	2015	40%	50.36%
	The PRC					
Rich Gate I (Qinhai Oasis Garden)	Daxing Road,	Residential	75,757	2019	0%	100%
	Huangpu District,	Office	38,820	2019	0%	100%
	Shanghai, The PRC	Commercial	15,000	2019	0%	100%
		Underground	83,000	2019	0%	100%
Shenyang Yosemite Oasis Community	the town of Lee Sang Lane, Dongling	Town House Phase I (Shuangxing section)	97,612	2014	85%	98.95%
	District, Shenyang	Residential Phase III	203,960	2016	0%	98.95%
	City, Liaoning					
	Province, The PRC					
Jiaxing Project	No.1, Linghu Road,	Residential and Commercial – 1# Phase II	73,144	2016	0%	98.96%
	Nanhu District,					
	Jiaxing City, Zhejiang					
	Province, The PRC					
Wuxi Yongqing	Within Wuxi	Residential	204,219	2016	0%	98.75%
	Hongshan New Town					

Details of completed investment properties:

Project	Location	Land Use	GFA (sqm)	Group's Equity Interest (%)
Shenyang Rich Gate	No.118, Harbin Road, Shenhe District, Shenyang City, Liaoning Province, The PRC	Commercial	245,252	100%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail & Office	32,602	95.79%
Oasis Central Ring Center	No. 1678, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail	6,499	95.79%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Car Park	57,045	95.79%
Unit 2605, 2606, 26(3A), 2803, 2806 and 28(3A) of Universal Mansion	No. 172 Yuyuan Road, Jing'An District, Shanghai, The PRC	Office	732	98%
Shanghai Shuocheng supermarket	No. 350, Zhong Hua Xin Road, Zhabei District, Shanghai, The PRC	Retail	Approx. 24,000	100%

Details of hotels:

Project	Location	Land Use	GFA (sqm)	Group's Equity Interest (%)
Shanghai Skyway Pullman Hotel	No.15 Dapu Road, Luwan District, Shanghai, The PRC	Hotel	64,047	56%



Corporate Information

Board of Directors

Shi Jian (*Chairman*)

Li Yao Min (*Co-chairman*)

Yu Hai Sheng (*Co-chairman*)

Wang Zi Xiong (*Vice-chairman & Chief Executive Officer*)

Zhang Hongfei

Shi Lizhou

Cheung Wing Yui*

Jin Bing Rong*

Zhuo Fumin**

Yuan Pu**

Chan, Charles Sheung Wai**

Yang Chao**

* Non-executive Directors

** Independent Non-executive Directors

Authorized Representatives

Shi Jian

Yu Hai Sheng

Company Secretary

Hui Sze Wai, Sylvie

Hong Kong Office

Suite 4006, 40/F

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08, Bermuda

Hong Kong Branch Registrar and Transfer Office

Tricor Tengis Limited

Share Registration

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong

Legal Adviser

Woo, Kwan, Lee & Lo

Auditor

Ernst & Young

Principal Bankers

Hong Kong: The Agricultural Bank of China
CITIC Bank International Limited

PRC: The Agricultural Bank of China
The Industrial and Commercial Bank of China
The Bank of China
Shanghai Pudong Development Bank
China Minsheng Bank

Stock Code

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