SRE GROUP LTD.

SRE GROUP LIMITED
上置集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1207)

2013 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of SRE Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	**2013**	2012
CONTINUING OPERATIONS			
Revenue	*4*	**3,344,278**	3,343,016
Cost of sales	*5*	**(2,387,850)**	(2,442,884)
Gross profit		**956,428**	900,132
Other gains – net		**148,395**	271,675
Selling and marketing expenses	*5*	**(78,397)**	(79,238)
Administrative expenses	*5*	**(266,871)**	(236,120)
Operating profit		**759,555**	856,449
Finance income		**87,455**	35,779
Finance costs		**(352,117)**	(298,677)
Finance costs – net		**(264,662)**	(262,898)
Share of profits of associates		**4,846**	7,084
Profit before tax from continuing operations		**499,739**	600,635
Income tax expense	*6*	**(294,609)**	(188,231)
Profit for the year from continuing operations		**205,130**	412,404

	Notes	2013	2012
DISCONTINUED OPERATION			
Loss for the year from discontinued operation		**–**	(104,634)
Profit for the year		**205,130**	307,770
Other comprehensive income			
Item not to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements into presentation currency		**295,109**	(35,184)
Other comprehensive income for the year, net of tax		**295,109**	(35,184)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**500,239**	272,586
Profit attributable to:			
Owners of the parent		**200,171**	367,307
Non-controlling interests		**4,959**	(59,537)
		205,130	307,770
Total comprehensive income attributable to:			
Owners of the parent		**480,798**	349,018
Non-controlling interests		**19,441**	(76,432)
		500,239	272,586
Earnings per share attributable to ordinary equity holders of the parent	*7*		
Basic			
– For profit for the year		**HK3.53 cents**	HK6.85 cents
– For profit from continuing operations		**HK3.53 cents**	HK8.07 cents
Diluted			
– For profit for the year		**HK3.53 cents**	HK6.85 cents
– For profit from continuing operations		**HK3.53 cents**	HK8.07 cents

Details of the dividends paid and proposed are disclosed in Note 8 to the financial information.

STATEMENTS OF FINANCIAL POSITION

31 December 2013

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

		Group		Company	
	Notes	**2013**	2012	**2013**	2012
ASSETS					
Non-current assets					
Property, plant and equipment		**1,343,584**	814,927	**829**	1,472
Investment properties		**5,214,575**	4,792,658	**–**	–
Prepaid land lease payments		**137,806**	141,391	**–**	–
Goodwill		**651,308**	648,399	**–**	–
Investments in subsidiaries		**–**	–	**5,127,579**	4,971,393
Advances to subsidiaries		**–**	–	**1,372,791**	1,337,422
Investments in associates		**75,939**	76,533	**–**	–
Derivative financial asset		**–**	74,608	**–**	–
Deferred tax assets		**510,324**	533,616	**–**	–
Non-current prepayment		**6,360**	192,000	**–**	–
		7,939,896	7,274,132	**6,501,199**	6,310,287
Current assets					
Prepaid land lease payments		**11,300,584**	11,260,559	**–**	–
Properties held or under development for sale		**7,991,138**	6,932,167	**–**	–
Inventories		**12,076**	11,487	**–**	–
Dividends receivable from subsidiaries		**–**	–	**2,482,348**	2,295,550
Prepayments and other current assets		**1,145,340**	175,462	**2,881**	4,355
Other receivables		**503,816**	1,409,084	**–**	–
Trade receivables	*9*	**35,503**	31,121	**–**	–
Prepaid income tax		**170,740**	229,074	**–**	–
Cash and bank balances		**2,941,096**	2,032,007	**56,698**	20,724
		24,100,293	22,080,961	**2,541,927**	2,320,629
Total assets		**32,040,189**	29,355,093	**9,043,126**	8,630,916

	Notes	Group 2013	Group 2012	Company 2013	Company 2012
EQUITY AND LIABILITIES					
EQUITY					
Issued capital and premium		**6,000,738**	6,000,738	**6,000,738**	6,000,738
Other reserves		**1,714,864**	1,695,316	**1,436,744**	1,209,151
Retained profits		**1,454,952**	1,361,940	**4,900**	6,861
Proposed final dividend		**60,046**	–	**60,046**	–
Equity attributable to owners of the parent		**9,230,600**	9,057,994	**7,502,428**	7,216,750
Non-controlling interests		**322,755**	704,340	–	–
Total equity		**9,553,355**	9,762,334	**7,502,428**	7,216,750
LIABILITIES					
Non-current liabilities					
Interest-bearing bank and other borrowings		**10,233,940**	6,670,834	**326,048**	188,475
Convertible bonds – host debts		–	7,183	–	7,183
Deferred tax liabilities		**1,943,823**	1,900,302	–	–
		12,177,763	8,578,319	**326,048**	195,658
Current liabilities					
Interest-bearing bank and other borrowings		**5,322,462**	4,403,928	**1,193,986**	649,960
Convertible bonds – host debts		**8,332**	–	**8,332**	–
Advances received from the pre-sale of properties under development		**1,177,218**	1,495,886	–	–
Trade payables	*10*	**1,804,043**	2,064,672	–	–
Other payables and accruals		**421,021**	871,367	**12,332**	7,009
Current income tax liabilities		**1,575,995**	1,617,048	–	–
Guaranteed senior notes		–	561,539	–	561,539
		10,309,071	11,014,440	**1,214,650**	1,218,508
Total liabilities		**22,486,834**	19,592,759	**1,540,698**	1,414,166
Total equity and liabilities		**32,040,189**	29,355,093	**9,043,126**	8,630,916
Net current assets		**13,791,222**	11,066,521	**1,327,277**	1,102,121
Total assets less current liabilities		**21,731,118**	18,340,653	**7,828,476**	7,412,408

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	**2013**	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	*11*	**(1,456,647)**	(1,108,032)
Interest paid		**(1,134,226)**	(1,052,068)
Income tax paid		**(303,259)**	(278,641)
Net cash flows used in operating activities		**(2,894,132)**	(2,438,741)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(281,593)**	(158,924)
Proceeds from disposal of property, plant and equipment		**844**	2,038
Payments for investment properties		**(5,964)**	(13,729)
Acquisition of a subsidiary, net of cash acquired		**–**	(24,040)
Investments in joint ventures		**–**	(23,965)
Disposal of subsidiaries		**369,285**	31,947
Settlement of receivables in connection with acquisition of Konmen Investment Limited		**532,622**	–
Earnest money paid to a third party for acquisition of a company		**(6,360)**	–
(Increase)/decrease in time deposits with original maturity of over three months		**(78)**	2,468
Dividends received from associates		**7,800**	7,642
Interest received		**44,390**	32,552
Net cash flows from/(used in) investing activities		**660,946**	(144,011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of rights issue		**–**	209,024
Proceeds from placing of new shares of CNTD		**–**	202,463
Payments for the redemption of CB4		**–**	(540,617)
Payments for the redemption of Guaranteed Senior Notes		**(561,574)**	–
Payments for acquisition of an equity interest of a subsidiary from a non-controlling shareholder		**(458,000)**	–
(Increase)/decrease in pledged bank deposits		**(776,286)**	141,360
(Increase)/decrease in restricted deposits in relation to bank borrowings		**(4,507)**	9,324
Proceeds from short-term borrowings		**978,945**	492,046
Repayments of short-term borrowings		**(500,063)**	(403,256)
Proceeds from long-term borrowings		**11,005,519**	5,358,222
Repayments of long-term borrowings		**(7,380,916)**	(2,738,640)

	Notes	**2013**	2012
Cash received from the capital injection from non-controlling shareholders of subsidiaries		**18,844**	2,458
Decrease in cash and bank balances upon disposal of CNTD via a distribution in species		**–**	(250,669)
Dividends paid to non-controlling shareholder of a subsidiary		**(243)**	–
Net cash flows from financing activities		**2,321,719**	2,481,715
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**88,533**	(101,037)
Cash and cash equivalents at beginning of year		**1,253,004**	1,355,995
Effect of foreign exchange rate changes, net		**40,683**	(1,954)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,382,220**	1,253,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Attributable to owners of the parent										
	Issued capital and premium	Asset revaluation reserve	Surplus reserve	Exchange fluctuation reserve	Other reserves	Equity component of convertible bonds	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
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 year	–	–	–	280,627	–	–	200,171	–	480,798	19,441	500,239
Appropriation from retained profits	–	–	47,113	–	–	–	(47,113)	–	–	–	–
Acquisition of a non-controlling interest	–	–	–	–	(308,192)	–	–	–	(308,192)	(417,321)	(725,513)
Capital contribution from non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	18,844	18,844
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(2,549)	(2,549)
Proposed final 2013 dividend (Note 8)	–	–	–	–	–	–	(60,046)	60,046	–	–	–
At 31 December 2013	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

	Attributable to owners of the parent										
	Issued capital and premium	**Asset revaluation reserve**	**Share option reserve**	**Surplus reserve**	**Exchange fluctuation reserve**	**Other reserves**	**Equity component of convertible bonds**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2012	5,791,714	1,211*	248*	291,131*	1,478,517*	(260,545)*	179,361*	3,006,887	10,488,524	2,485,979	12,974,503
Total comprehensive income for the year	–	–	–	–	(18,289)	–	–	367,307	349,018	(76,432)	272,586
Surplus reserve transfer to retained profits due to disposal of a subsidiary	–	–	–	(2,001)	–	–	–	2,001	–	–	–
Appropriation from retained profits	–	–	–	31,006	–	–	–	(31,006)	–	–	–
Issuance of rights issue	209,024	–	–	–	–	–	–	–	209,024	–	209,024
Equity-settled share options to management of CNTD	–	–	–	–	–	1,665	–	–	1,665	893	2,558
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(24,646)	(24,646)
Change due to decrease in equity interests in CNTD	–	–	–	–	–	(168,559)	–	–	(168,559)	371,022	202,463
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	2,458	2,458
The portion of redemption price of CB4 allocated to its equity component	–	–	–	–	–	–	(7,170)	–	(7,170)	–	(7,170)
Transfer upon partial redemption of CB4	–	–	–	–	–	169,381	(169,381)	–	–	–	–
Dividends attributed to non-controlling interests	–	–	–	–	–	–	–	–	–	(27,584)	(27,584)
Transfer upon the expiration of the share option scheme	–	–	(248)	–	–	248	–	–	–	–	–
Capital contribution by Parent	–	–	–	–	–	168,741	–	–	168,741	–	168,741
Disposal of CNTD via a distribution in species	–	–	–	–	–	–	–	(1,983,249)	(1,983,249)	(2,027,350)	(4,010,599)
At 31 December 2012	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

* *These reserve accounts comprise the consolidated reserves of HK$1,714,864 thousand (2012: HK$1,695,316 thousand) in the consolidated statement of financial position.*

NOTES TO FINANCIAL INFORMATION

31 December 2013

(Amounts expressed in Hong Kong dollar to nearest thousand unless otherwise stated)

1 BASIS OF PREPARATION

These financial information 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial information are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than 12 months. The Group's current assets include assets (such as properties held or under development for sale and land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the end of the reporting period.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant effect on these financial information.

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

3. 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.

During 2012, the Company distributed its entire holding of the shares in China New Town Development Company Limited ("CNTD", the Company's former subsidiary, a company listed on the Main Boards of both the HKEx and the Singapore Exchange Securities Trading Limited) to the Company's shareholders (including its parent, SRE Investment Holding Limited, the "SREI") via a special dividend in the form of a distribution in species (the "Distribution"). Upon completion of the Distribution, from 3 October 2012, the Group no longer holds any shares in the CNTD, and hence, the CNTD and its subsidiaries (collectively, the "CNTD Group") ceased to be subsidiaries of the Company. As a result of the Distribution, the CNTD Group's business is considered as a discontinued operation. Accordingly, the CNTD Group is excluded from the segment information presented below for both years.

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

An analysis by operating segment is as follows:

	2013				
	Property development	**Property leasing**	**Hotel operations**	**Corporate and other operations**	**Total**
Segment revenue					
Sales to external customers	**2,897,110**	**88,094**	**184,073**	**175,001**	**3,344,278**
Intersegment sales	**–**	**–**	**–**	**457,470**	**457,470**
	2,897,110	**88,094**	**184,073**	**632,471**	**3,801,748**
Reconciliation:					
Elimination of intersegment sales					**(457,470)**
Revenue from continuing operations					**3,344,278**
Segment profit/(loss)	**586,838**	**202,425**	**20,963**	**(50,671)**	**759,555**
Finance income					**87,455**
Finance costs					**(352,117)**
Finance costs – net					**(264,662)**
Share of profits and losses of associates					**4,846**
Profit before tax from continuing operations					**499,739**
Segment assets and liabilities					
Segment assets	**24,447,240**	**5,221,938**	**1,475,883**	**819,189**	**31,964,250**
Investments in associates					**75,939**
Total assets					**32,040,189**
Segment liabilities	**17,180,296**	**2,243,786**	**670,930**	**2,391,822**	**22,486,834**
Total liabilities	**17,180,296**	**2,243,786**	**670,930**	**2,391,822**	**22,486,834**
Other segment information:					
Depreciation and amortisation	**11,332**	**299**	**39,818**	**1,734**	**53,183**
Capital expenditure*	**1,417**	**6,068**	**543,978**	**2,171**	**553,634**
Fair value gain on investment properties, net	**–**	**166,291**	**–**	**–**	**166,291**
Impairment of goodwill	**17,206**	**–**	**–**	**–**	**17,206**
Reversal for impairment of receivables	**817**	**–**	**–**	**–**	**817**

* Capital expenditure consists of additions of property, plant and equipment (HK$547,670 thousand) and investment properties (HK$5,964 thousand).

	2012				
	Property development	Property leasing	Hotel operations	Corporate and other operations	Total
Segment revenue					
Sales to external customers	2,881,251	146,735	183,749	131,281	3,343,016
Intersegment sales	–	–	–	297,122	297,122
	2,881,251	146,735	183,749	428,403	3,640,138
Reconciliation:					
Elimination of intersegment sales					(297,122)
Revenue from continuing operations					3,343,016
Segment profit/(loss)	624,916	28,479	(50,371)	253,425	856,449
Finance income					35,779
Finance costs					(298,677)
Finance costs – net					(262,898)
Share of profits and losses of associates					7,084
Profit before tax from continuing operations					600,635
Segment assets and liabilities					
Segment assets	22,879,535	4,877,674	897,402	623,949	29,278,560
Investments in associates					76,533
Total assets					29,355,093
Segment liabilities	14,932,864	2,106,378	452,432	2,101,085	19,592,759
Total liabilities	14,932,864	2,106,378	452,432	2,101,085	19,592,759
Other segment information:					
Depreciation and amortisation	12,547	327	92,045	1,711	106,630
Capital expenditure*	761	4,968	38,681	480	44,890
Fair value gain on derivative financial assets, net	–	–	–	20,524	20,524
Fair value loss on investment properties, net	–	40,715	–	–	40,715
Provision for impairment of receivables	–	–	–	910	910

* Capital expenditure consists of additions of property, plant and equipment (HK$40,114 thousand) and investment properties (HK$4,776 thousand).

Geographical information

(a) As of 31 December 2013, more than 95% (2012: 100%) of the sales from continuing operations to external customers of the Group are generated from Mainland China.

(b) Non-current assets

As of 31 December 2013, more than 99% (2012: more than 99%) of the Group's non-current assets (based on the locations of the assets and excludes financial instruments and deferred tax assets) were located in Mainland China.

Information about major customers

The Group's customers from whom the revenue of continuing operations derived are widely dispersed. No customer or a single group of customers which are known to be under common control of continuing operations contributed 10% or more of the Group's revenue for the years ended 31 December 2013 and 2012.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold; an appropriate proportion of contract revenue of construction contracts; the value of services rendered; room charges from hotel operations and gross rental income received and receivable from investment properties during the year.

An analysis of revenue from the continuing operations is as follows:

	2013	2012
Sale of development properties	**3,057,046**	3,048,113
Hotel operations	**195,092**	194,748
Revenue from property leasing	**96,596**	143,221
Property management revenue	**154,210**	144,110
Revenue from construction of infrastructure for an intelligent network	**35,262**	2,331
Other revenue	**14,801**	17,834
	3,553,007	3,550,357
Less: Business tax and surcharges	**(208,729)**	(207,341)
Total revenue	**3,344,278**	3,343,016

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.

5. EXPENSE BY NATURE

An analysis of expense by nature from the continuing operations is as follows:

	2013	2012
Cost of inventories sold (excluding depreciation)	**2,350,149**	2,354,544
Depreciation of property, plant and equipment	**48,732**	100,837
Employee benefit expense (including directors' and chief executive's emoluments):		
– Wages and salaries	**89,036**	86,699
– Other social welfare	**25,835**	22,218
	114,871	108,917
Operating lease payments in respect of buildings	**7,742**	7,368
Auditors' remuneration	**5,439**	5,752
Commission for sale of properties	**23,419**	14,664
Advertising costs	**40,290**	47,257
Miscellaneous tax	**43,348**	41,644
Transportation fee	**11,728**	10,777
Office expenses	**5,942**	7,104
Exhibition fees	**3,718**	3,129
Water and electricity costs	**6,485**	5,007
Business entertainment expenses	**8,915**	7,997
Others	**62,340**	43,245
	2,733,118	2,758,242

6. INCOME TAX

An analysis of income tax from the continuing operations is as follows:

	2013	2012
Current taxation		
– Mainland China income tax (a)	**105,533**	331,840
– Mainland China LAT (c)	**165,550**	(59,433)
	271,083	272,407
Deferred taxation		
– Mainland China income tax	**86,876**	(119,477)
– Mainland China LAT	**(74,136)**	59,957
– Mainland China withholding tax (d)	**10,786**	(24,656)
	23,526	(84,176)
Total tax charge for the year	**294,609**	188,231

(a) Mainland China income tax

The Group conducts a significant portion 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. The outstanding balance of prepaid income tax was approximately HK$35 million as at 31 December 2013 (2012: HK$61 million).

(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 year.

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

LAT is incurred upon transfer of property and land 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% (2012: 1% to 5%) on proceeds of the sale and pre-sale of properties. Prepaid LAT has been recorded in "prepaid income tax" with an amount of approximately HK$136 million as at 31 December 2013 (2012: approximately HK$168 million).

Upon the completion of final clearance and settlement of LAT of a completed real estate project, LAT of an amount of RMB99 million (approximately HK$121 million) accrued in prior periods was no longer required to be paid and thus credited to profit during the year ended 31 December 2012.

(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 Mainland China 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.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,664,713 thousand (2012: 5,364,434 thousand) in issue during the year.

For the years ended 31 December 2013 and 2012, the calculation of diluted earnings per share amount did not take into account the convertible bonds of the Company because it is anti-dilutive. Hence, the diluted earnings per share are the same as the basic earnings per share for the years ended 31 December 2013 and 2012.

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

	2013	2012
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations		
From continuing operations	**200,171**	432,907
From discontinued operation	**–**	(65,600)
	200,171	367,307

	Number of shares	
	2013	2012
Shares	***(Thousand shares)***	*(Thousand shares)*
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**5,664,713**	5,364,434
	5,664,713	5,364,434

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.

8. DIVIDENDS PAID AND PROPOSED

	2013	2012
Proposed final dividend	**60,046**	–

A final dividend of HK1.06 cents per share in respect of the year ended 31 December 2013 has been proposed at the meeting of the Board of Directors held on 28 March 2014 (2012: No final dividend). The proposed final dividend shall be paid on or around 10 July 2014, subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Pursuant to a resolution passed at the special general meeting on 21 September 2012, the Company offered a special dividend in the form of a distribution in specie of all of the 2,658,781,817 shares in CNTD it owned to its shareholders proportional to their respective shareholding in the Company. As a result, shareholders holding a total of 5,664,713,722 shares were entitled to receive the dividend and share registration in relation to the Distribution was completed on 3 October 2012.

9. TRADE RECEIVABLES

GROUP

	2013	2012
Trade receivables	**45,680**	41,738
Less: Provision for impairment	**(10,177)**	(10,617)
	35,503	31,121

An aged analysis of trade receivables as at the end of the reporting period, from the date when they were recognised, is as follows:

	2013	2012
Within 6 months	**26,176**	23,061
6 months to 1 year	**379**	1,621
1 to 2 years	**7,913**	7,510
Over 2 years	**11,212**	9,546
	45,680	41,738

The Group's sales of development properties and hotel operations are generally on a cash basis while the Group's trading terms with its customers for other operations are mainly on credit. The credit terms of the Group are generally within 6 months.

The Group's other trade receivables are related 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 trade receivables neither past due nor impaired and those past due but not impaired is as follows:

	2013	2012
Neither past due nor impaired	**31,702**	28,037
Past due but not impaired:		
Within 30 days	**130**	159
30 to 60 days	**1,954**	1,057
Over 120 days	**1,717**	1,868
	35,503	31,121

Receivables that were past due but not impaired are related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The movements in the provision for impairment of trade receivables are as follows:

	2013	2012
At beginning of year	**10,617**	10,620
Reversal of impairment	**(773)**	–
Exchange realignment	**333**	(3)
At end of year	**10,177**	10,617

Provision for impairment of trade receivables for HK$773 thousand (2012: nil) was reversed during the years ended 31 December 2013.

10. TRADE PAYABLES

GROUP

An aged analysis of the trade payables as at the end of the reporting period, from the date when they were incurred, is as follows:

	2013	2012
Within 1 year	**1,169,764**	1,623,171
1 to 2 years	**433,290**	109,111
Over 2 years	**200,989**	332,390
	1,804,043	2,064,672

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

11. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash used in operations:

	2013	2012
Profit/(loss) before tax:		
From continuing operations	**499,739**	600,635
From a discontinued operation	**–**	(97,182)
Adjustments for:		
Depreciation of property, plant and equipment	**48,732**	144,170
(Reversal)/provisions of impairment of receivables	**(817)**	910
Loss/(gain) on disposal of property, plant and equipment, net	**2,407**	(198)
Share of profits of associates	**(4,846)**	(7,084)
Share of profits of joint ventures	**–**	(293)
Fair value gain on derivative financial instruments	**–**	(20,524)
Fair value gain on investment properties	**(166,291)**	(35,723)
Gain on disposal of subsidiaries	**–**	(273,428)
Gain on redemption of CB4	**–**	(7,170)
Impairment of goodwill	**17,206**	–
Management share option expenses	**–**	2,558
Finance income	**(87,455)**	(41,046)
Finance costs	**352,117**	360,566
	660,792	626,191
Decrease/(increase) in restricted bank deposits	**998**	(1,029)
Decrease/(increase) in prepaid land lease payments	**310,166**	(181,583)
(Increase)/decrease in properties held or under development for sale	**(214,931)**	335,194
(Increase)/decrease in inventories	**(225)**	237
(Increase)/decrease in prepayments and other current assets	**(950,273)**	139,843
Decrease/(increase) in other receivables	**160,240**	(319,398)
Increase in trade receivables	**(3,353)**	(64,569)
Decrease in trade payables	**(586,757)**	(617,463)
Decrease in other payables and accruals	**(473,002)**	(210,437)
Increase in land development for sale	**–**	(101,618)
Decrease in deferred income	**–**	(2,841)
Decrease in advances received from the pre-sale of properties under development	**(360,302)**	(710,559)
Cash used in operations	**(1,456,647)**	(1,108,032)

(b) Except for the disposal of shares in CNTD in the Distribution, there was no significant non-cash transaction during the years ended 31 December 2013 and 2012.

RESULTS AND DIVIDEND

In 2013, the Group recorded net revenue from continuing operation of approximately HK$3,344 million (2012: HK$3,343 million), which was primarily same as the level of 2012. Profit attributable to owners of the parent was approximately HK$200 million, a decrease of 46% compared with approximately HK$367 million in 2012. The decline was mainly due to the decrease in other gains and the increase in income tax expense.

The Board of Directors has resolved to recommend the payment of final dividend in respect of the year ended 31 December 2013 of HK1.06 cents in cash per share (2012: Nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, cash and bank balances amounted to approximately HK$2,941 million (2012: HK$2,032 million). Working capital (net current assets) of the Group as at 31 December 2013 amounted to approximately HK$13,791 million (2012: HK$11,067 million), an increase of 25% from previous year, and current ratio rised to 2.34x (2012: 2.00x).

As at 31 December 2013, total liabilities to total equity increased to 2.35x (2012: 2.01x). At the end of the financial period, the Group's gearing ratio was approximately 57% (2012: 50%), calculated on the basis of the Group's net borrowings (after deducting cash and bank balance of approximately HK$2,941 million) over total capital (total equity and net borrowings).

BUSINESS REVIEW

In 2013, the Group's major projects available for sale were Cedar Villa Original, Oasis Central Ring Centre, SRE Financial Centre and Rich Gate Seaview in Shanghai; Jiaxing Project in Zhejiang; Haikou Bund Centre in Haikou; Wuxi Jiangnan Rich Gates in Jiangsu and Shenyang Albany Oasis Garden in Liaoning. From January to December 2013, the Group's contracted sales amounted to HK$2.567 billion, with a total gross floor area of approximately 107,600 square meters.

Project Company	**Sales Contracts Signed** *(HK$x1000)*	**Contractual Gross Area** *(m^2)*
Shanghai Cedar Villa Original	606,495	19,730
Shenyang Albany Oasis Garden	545,365	27,702
Shanghai Oasis Central Ring Centre	544,979	16,710
SRE Financial Centre	249,797	4,574
Jiaxing Project	170,403	12,956
Wahroonga Gardens	162,138	3,216
Haikou Bund Centre	89,305	4,480
Shanghai Rich Gates Seaview	69,490	5,007
Wuxi Jiangnan Rich Gates	60,030	3,533
Shanghai Lake Malaren Garden	31,681	941
Other Projects	36,871	8,735
Total	2,566,554	107,584

In 2013, the Group recorded a net turnover of HK$3.344 billion (2012: HK$3.343 billion). Gross profit for 2013 amounted to approximately HK$0.956 billion (2012: HK$0.9 billion). Gross profit margin for 2013 was about 28.6% (2012: 26.9%).

Net turnover breakdown by activity

Turnover	**2013** *(HK$x1000)*	2012 *(HK$x1000)*
Sale of development properties	**3,057,046**	3,048,113
Hotel operations	**195,092**	194,748
Revenue from property leasing	**96,596**	143,221
Property management revenue	**154,210**	144,110
Revenue from construction of infrastructure for an intelligent network	**35,262**	2,331
Other revenue	**14,801**	17,834
Less: Business tax and surcharges	**(208,729)**	(207,341)
Total revenue	**3,344,278**	3,343,016

Note: The above data does not include China New Town Development Company Limited ("CNTD") and its subsidiaries.

DEVELOPMENT PROJECTS

Our main development projects include Shanghai Albany Oasis Garden, Oasis Central Ring Centre and Bairun Project in Shanghai; Shenyang Albany Oasis Garden and Yosemite Oasis Community in Liaoning; 香島莊園 and 碧水瀾灣 in Jiaxing Zhejiang; and Haikou Bund Centre in Hainan .

Relocation for Land of Development Projects

Shanghai Albany Oasis Garden

Phase I and II of Shanghai Albany Oasis Garden enjoyed great selling. Relocation for the remaining phases is underway. As at the end of December 2013, with 6,202 households relocated, households relocation was about 98% completed. All economic enterprises had been relocated. For Phase III alone, 100% of the households had been relocated which created favorable conditions for the commencement of Phase III development.

Bairun Project

As at the end of December 2013, with 374 households, 9 enterprises and 14 sole proprietors relocated, relocation was 99% completed. This created favorable conditions for Phase II development of the project.

Shenyang Albany Oasis Garden

As at the end of December 2013, with 1,374 households (area: 88,672m^2) and 13 enterprises (area: 3,062m^2) relocated, relocation was 82% completed, which created favorable conditions for Phase II development.

Construction Work

Adhering to the development plans and construction timelines formulated in early 2013, the Group and its subsidiary companies had been carrying out the respective development and construction projects in an orderly manner. Taking into account the actual situation and for each of the key areas including design and construction, each company set out thorough plans and controlling measures prior to commencement of works so that targets and quality requirements were clear. As quality management is concerned, emphasis is always on using the right technology, to be supplemented by stringent quality control procedures. With safety, quality and timelines in mind, we have been efficiently and effectively conducting our works in a practical manner, aiming at achieving all targets being set along these lines.

Oasis Central Ring Centre

Construction of Office Block 6 of the Oasis Central Ring Centre was completed in June 2013 and titles could be transferred to buyers in July after the completion of all the required procedures. By the end of December 2013, titles for 290 units have been transferred.

Shanghai Albany Oasis Garden

Construction of Phase III was commenced in April 2013. By the end of December 2013, foundation works have finished and the superstructure for block 1 and block 2 was being built, with the first 10 floors having been constructed.

Jiaxing Project

Construction of 香島莊園, which is on Parcel 5 of Jiaxing Project, and 碧水瀾灣 Phase I, which is on Parcel 1, was completed in November 2013. The first batch of houses comprising 79 units have been handed over to buyers in December 2013.

Shenyang Yosemite Oasis Community

The East Parcel of Shenyang Yosemite Oasis Community consists of 502 houses. For the 200 houses located at Jinling Section, construction was completed and titles have been transferred to buyers in June 2013. For the 302 units located at Shuangxing Section, the main structures have been topped out. It is expected that these houses will be available for hand over in September 2014.

Shenyang Albany Oasis Garden

The construction of the first 4 blocks of Shenyang Albany Oasis Garden Phase II was commenced in 2013. By the end of December 2013, Block 1, 2 and 4 had been topped out, and as for Block 3, concrete pouring for the basement was underway while the construction of the carparks surrounding Block 3 was being undertaken on a parallel basis.

Haikou Bund Centre

For the Westin Hotel, installation and tests of all indoor facilities and equipment, and the decoration of hotel rooms have all been completed. The hotel is now being finally inspected and things will be perfected if and when required. It is expected that operations of the hotel will commence in the first half of 2014. For Phase II development, in order to ensure that the project will tie in more closely with the demand, the project planning and design is again being reviewed and perfected. After it being cross-examined for ensuring that it will meet with the mainstream demand of the public, construction will commence.

COMMERCIAL PROPERTIES

The Group has four major commercial real estate projects: three in Shanghai and one in Shenyang. Under the influence of the prevailing austerity measures, the suppressed housing market has nonetheless underscored the trend of increasing investment toward commercial real estate as the prospect of which becomes more promising. The stable development of commercial real estate will make an increasingly important contribution to our revenue.

Commercial Property	Location	Details
Shanghai Skyway Pullman Hotel	Huangpu District, Shanghai	309 rooms
Oasis Central Ring Centre	Putuo District, Shanghai	96,146 m^2
Shanghai Shuocheng Supermarket	Zhabei District, Shanghai	Approx. 24,000 m^2
Shenyang Rich Gate Shopping Mall	Financial Golden Corridor, Shenyang	245,252 m^2

Major Financing Activities

In April 2013, Shanghai Shuo Cheng Real Estate Ltd. entered into a loan agreement for a RMB3.6 billion loan facility with Shanghai Pudong Development Bank, China Everbright Bank and Beijing Bank.

In November 2013, Liaoning High School Support Group Property Development Co. Ltd. entered into a loan agreement for a loan facility of RMB450 million with the Bank of Communications.

In December 2013, Shanghai Skyway Hotel Co. Ltd. entered into a loan agreement for a loan facility of RMB1.6 billion for the refinancing of a then existing loan of RMB1.3 billion with Industrial and Commercial Bank of China and Agricultural Bank of China.

In 2013, Shanghai Jinwu Real Estate Co., Ltd,. Jiaxing Hupan Rich Gate Real Estate Co., Ltd., Shenyang Lukang Real Estate Ltd., Shanghai Real Estate Property Management Co., Ltd. and Shanghai Jinxin Real Estate Co., Ltd. entered into respective agreements with the corresponding trust companies for loan facilities amounting to an aggregate sum of approximately RMB2.38 billion. This to a large extent supplements fundings available for development projects of the Group.

MAJOR ACQUISITION

In February 2013, Sinopower Investment Limited, a wholly-owned subsidiary of the Company, acquired 100% of the equity interest in Gao Feng Limited, thereby indirectly acquired 40% interest in Shenyang Huarui Shiji Asset Management Co., Ltd.. The Company now indirectly holds 100% interest in Shenyang Huarui Shiji Asset Management Co., Ltd..

THE GROUP'S AWARDS

1. Shanghai Shuo Cheng Real Estate Ltd. was awarded "Four Star Credible Enterprise" in Shanghai.

2. Office Block 6 of the Oasis Central Ring Center passed the audit and inspection to qualify as a "High Quality Structure" and as an awardee for the "Shanghai White Orchid Award".

3. Shanghai Real Estate Property Management. Co., Ltd. was awarded a "PRC Top 10 Credible Property Management Enterprise in 2013" and elected as one of the PRC Top 200 Property Management Enterprises.

4. Liaoning High School Support Group Property Development Co., Ltd. was certified compliance for ISO9001 for its quality management system, 14001 for its environmental management system and 28001 for its property health and safety management system and was ranked as a Class 2 national property developer after the satisfactory review by the provincial construction evaluation board.

BUSINESS OUTLOOK

In 2013, the keynote of the State's real estate policy was to "allow flexibility on micro aspects while maintain stability on macro basis". While the general control policy applied to all regions in PRC, there was divergence when the policy was implemented in different cities. The introduction of "Five Regulations" and the subsequent detailed rules promulgated by the local governments at the beginning of the year reaffirmed the importance of control measures and signified the clear directions about what to be preserved and what to be suppressed. During the second half of the year, the new administration concentrated on establishing an effective and durable mechanism to ensure that macro economic policies remain stable and are consistent. The Third Plenary Session of 18th CPC Central Committee clearly stated that the focus of the government was to deepen reforms on the basis of "ensuring stable growth, adjusting the structure and expediting reforms". Under the environment of steady and healthy monetary policies, the government would restructure the resources allocation system and advance social and economic development by making use of the dynamics of the market economy. In 2014, the core of economic works is to make progress while maintaining stability and steadiness instead of striving for high growth rates. Emphasis will be placed on both a balanced growth and reform, and optimization of the structure is the pivot. As for the monetary policies, the Central Bank will continue to maintain stable monetary policies. In the short-term, credit and social financing will continue to grow steadily. As financial reforms such as marketization of interest rate and foreign exchange system reform will be steadily implemented, in the medium to long term, the overall credit environment will not be as lenient. In respect of real estate control measures, given the increasingly diversified market performance in different regions, the direction of macro control measures will vary. With further differentiation in the performance of regional markets, control policies for each of the regions shall be tailor made to contain speculation and investment demands, help promote a steady and healthy growth of the property market, raise the proportion of affordable housing in major cities and greatly accelerate the transformation of shanty houses and renewal of urban-villages. This implies that shanty area rebuilding projects and transformation projects in tier 1, 2 and 3 cities will be the major battle-field in the coming years. With the stable progress in land, public finance and taxation reform and the enhancement of the property supply system, a control mechanism pivoting on market principles has been gradually built up and the environment of the real estate industry in the medium to long term will hence become clearer. All these will facilitate a healthy and rational development of the economy and the real estate industry.

According to the Statistical Communique on the 2013 National Economic and Social Development published by the China National Statistics Bureau, total investment in real estate development in 2013 amounted to RMB8.6013 trillion, an increase of 19.8% over the previous year. Of which, investment in residential buildings accounted for RMB5.8951 trillion, an increase of 19.4%; investment in office buildings accounted for RMB465.2 billion, an increase of 38.2%; investment in commercial properties accounted for RMB1.1945 trillion, an increase of 28.3%.

In 2013, the investment in real estate development in Shanghai amounted to RMB281.959 billion, representing a year-on-year increase of 18.4%. A total area of 23.822 million m^2 of commodity properties were sold throughout the year, representing an increase of 25.5%, of which total area of commodity housing amounted to 20.1581 million m^2, representing an increase of 26.6%. Sales of commodity properties amounted to RMB391.157 billion, representing an increase of 46.5%, of which sales of commodity housing amounted to RMB326.403 billion, representing an increase of 47.8%.

In 2014, it is expected that the PRC property market will experience certain changes, which represent both challenges and opportunities for real estate enterprises. In the coming year, the Group will adopt an innovative development strategy under the central government's direction of "the foundation of market economy being a decisive factor" and "a mixed ownership economy", and will undergo transformation with a clear vision of the market trend in mind so as to ride on market tendencies. The Company will instil such concepts into our staff, arrange organizational reform and staff deployment, and will systematize our development and business activities. We will, through promoting the awareness and consciousness of all staff about our missions and strategies, enhance our abilities in execution, and, through toughening our disciplinary rules, ensure that our missions and strategies will be implemented. In 2014, the Group's development strategies will focus on three aspects: 1. Innovative development in traditional real estate business; 2. Development in the new life style inspired by the breakthrough in Internet economy; and 3. Development modelled on private equity funds. Traditional real estate business makes profits from land price differentials while future real estate business relies on customers' loyalty and financial strength. It is vital for the Group to consider how to further capture the residual value of the customers in the booming internet age. In 2014, under our decision to expedite "shanty area transformation", the Group will aggressively advance the progress of shanty area transformation projects including the Jingxin Project in the heart of Huangpu District, Shanghai, the Albany Project in Shenyang and the project in Haikou in order to grasp opportunities and overcome challenges. In tier 1 cities, in sight of the scarcity of available land, we will set great store by land resources and will use our ultimate endeavors to "develop" land, while in the tier 2 and 3 cities, we will continue to scale up our expansion since only developments of large scale projects will survive market competition, win admiration and support from the financial sector and make sustainable profit. Against these considerations, the Group will take advantages of the industrial development trends, improve its resources allocation amongst various regional markets and its operational risk management, maintain a reasonable pace for its investments and actively optimize its product structure and marketing strategies so as to attain a stable development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2013.

EMPLOYEE

As at 31 December 2013, the Group had retained 2,184 (2012: 2,470) employees in Hong Kong and the PRC. Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to approximately HK$152 million (2012: HK$159 million). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of each individual employee.

CORPORATE GOVERNANCE

Throughout the financial year, the Board had 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 Rules Governing the Listing of Securities on the HKEx (the "Listing Rules") except for Code Provision 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 2013 due to other business commitments.

In addition, due to Mr. Li Yao Min's appointment as an executive director on 29 August 2013, the number of independent non-executive directors of the Company fell short of the requirement under Rule 3.10A of the Listing Rules that the independent non-executive directors of the Company shall represent at least one-third of the board. The Company had subsequently appointed Mr. Yang Chao as an independent non-executive director and the chairman of the Investment Committee on 22 November 2013, and hence complied with the Listing Rules on the date.

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 as set out in Appendix 10 to the Listing Rules (the "Model Code"). 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 Company established an audit committee on 12 November 2001 with terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee has five members comprising the two non-executive Directors and the three independent non-executive Directors. The annual results for the year ended 31 December 2013 has been reviewed by the Audit Committee.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2013 of HK1.06 cents in cash per share, approximately HK$60,046,000 in total, payable to shareholders whose names appear on the register of members of the Company on Monday, 9 June 2014. The recommended final dividend for the Year, which will be payable on or around Thursday, 10 July 2014, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 29 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 June 2014 to Monday, 9 June 2014, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Wednesday, 4 June 2014.

APPRECIATION

It is my privilege to express my gratitude to our strategic investors and shareholders for their unstinting trust and support and to offer my heartfelt thanks to all directors, executives and staff members at all group companies for their team spirits and loyalty throughout the harsh and challenging year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Company is published on the websites of the Company (http://www.equitynet.com.hk/sre/) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for 2013 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

On Behalf of the Board
SRE Group Limited
SHI JIAN
Chairman

Hong Kong, 28 March 2014

As at the date hereof, the Board comprises seven executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Wang Zi Xiong, Mr. Zhang Hongfei and Mr. Shi Lizhou; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and five independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. Zhuo Fumin, Mr. Yuan Pu, Mr. Chan, Charles Sheung Wai and Mr. Yang Chao.

* *For identification purpose only*