力高地产
REDCO REAL ESTATE

力高地產集團有限公司
REDCO PROPERTIES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code : 1622

Global Offering




Sole Sponsor

ICBC 工银国际

Joint Global Coordinators and Joint Bookrunners

ICBC 工银国际

金利豐證券 KINGSTON SECURITIES

Joint Lead Managers

ICBC 工银国际

金利豐證券 KINGSTON SECURITIES

招銀国际 CMB INTERNATIONAL

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

力高地产
REDCO REAL ESTATE

REDCO PROPERTIES GROUP LIMITED
力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**400,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**40,000,000 Shares (subject to adjustment)**
Number of International Placing Shares	:	**360,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$2.60 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)**
Nominal Value	:	**HK$0.10 each**
Stock Code	:	**1622**

Sole Sponsor

ICBC 工银国际

Joint Global Coordinators and Joint Bookrunners

ICBC 工银国际

金利豐證券 KINGSTON SECURITIES

Joint Lead Managers

ICBC 工银国际

金利豐證券 KINGSTON SECURITIES

招銀国际 CMB INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached to it the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 24 January 2014 and, in any event, not later than 5:00 p.m. on Tuesday, 28 January 2014. The Offer Price will be not more than HK$2.60 and is currently expected to be not less than HK$2.10 unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$2.60 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK$2.60.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK$2.10 to HK$2.60 per Offer Share) at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such case, notices of the reduction in the number of the Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.redco.cn not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to procure subscribers for or themselves to subscribe for the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) upon the occurrence of any of certain events before 8:00 a.m. on the day that trading in the Offer Shares is due to commence on the Stock Exchange. These events are set out in the section headed "Underwriting — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act.

21 January 2014

Latest time to complete electronic applications through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** *(notes 2, 3 and 4)*	11:30 a.m. on Friday, 24 January 2014
Application lists of the Hong Kong Public Offer open *(note 2)*	11:45 a.m. on Friday, 24 January 2014
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, 24 January 2014
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 24 January 2014
Application Lists of the Hong Kong Public Offer close	12:00 noon on Friday, 24 January 2014
Price Determination Date *(note 5)*	Friday, 24 January 2014
Announcement of the final Offer Price, the level of applications of the Hong Kong Public Offer, the level of indications of interests in the International Placing, and the basis of allocation of the Hong Kong Offer Shares to be published (a) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese); (b) on the website of our Company at **www.redco.cn**; and (c) on the website of the Stock Exchange at **www.hkexnews.hk** on or before	Wednesday, 29 January 2014
Results of allocations with Hong Kong identity cards, passport numbers or Hong Kong business registration certificate numbers (where applicable) of successful applicants of the Hong Kong Offer Shares to be made available on the website of our Company at **www.redco.cn** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Wednesday, 29 January 2014
Dispatch of Share certificates and refund cheques in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application pursuant to the Hong Kong Public Offer on *(notes 6, 7 and 8)*	Wednesday, 29 January 2014
Dealings in Shares on the Main Board to commence on	Thursday, 30 January 2014

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 24 January 2014, the application lists will not open on that day. Further information is set out in the paragraph headed "Effect of bad weather on the opening of the application lists" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(3) Applicants will not be permitted to submit applications through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained an application reference number from the designated website prior to 11:30 a.m., they will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Public Offer through the **White Form eIPO** service should refer to the paragraph headed "Applying through the White Form eIPO service" of the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for details.

(5) The Price Determination Date is expected to be on or about Friday, 24 January 2014, and in any event will be on or before Tuesday, 28 January 2014. If, for any reason, the Offer Price is not agreed on or before Tuesday, 28 January 2014, the Global Offering will not proceed.

(6) Our Company will not issue any temporary documents of title in respect of the Shares. Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 30 January 2014 (Hong Kong time), provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

(7) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to a delay in encashment of, or may invalidate, the refund cheque.

(8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect their refund cheques (where applicable) and Share certificates (where applicable) in person from our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 January 2014 or any other date as notified by our Company in the newspaper as the date of collection/dispatch of refund cheques/Share certificates. Identification and (where applicable) authorisation documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect their refund cheques (where applicable) but may not elect to collect their Share certificates (where applicable), which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Hong Kong Offer Shares is the same as that for **WHITE** Application Form applicants.

Applicants who opt for personal collection must not authorise any person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorised representatives with letters of authorisation of their corporations stamped with the corporation's chops (being the name of the corporations). Both individuals and authorised representatives of corporations (as applicable) must produce, at the time of collection, evidence of identity and authority (as applicable) acceptable to our Company's Hong Kong Share Registrar.

Uncollected Share certificates and refund cheques will be dispatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offer, please refer to the section headed "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Redco Properties Group Limited solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different with what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their directors, or any other persons or parties involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang. For 2010, 2011 and 2012 and the nine months ended 30 September 2013, our revenue was RMB1,528.3 million, RMB1,356.0 million, RMB1,550.9 million and RMB2,142.8 million, respectively. For the same periods, our profit for the year/period attributable to equity holders of the Company was RMB117.5 million, RMB85.4 million, RMB65.8 million and RMB270.1 million, respectively.

We believe that we have successfully established the "Redco" brand in the cities where we have built our presence. For four consecutive years since 2010, we have been recognised as one of "China's Top 100 Real Estate Developers" (中國房地產百強企業) by the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). In 2013, we were recognised as one of the "2013 Top 10 Brands of South China Real Estate Companies" (2013 中國華南房地產公司品牌價值 Top 10) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy. We believe that the strong execution capabilities of our management team have been instrumental in executing our business strategies and achieving our current market position.

We have established diversified land acquisition strategies that complement each other, including acquisitions from third parties and listings-for-sale. We have also employed other land acquisition strategies including: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our track record in developing quality property projects to acquire further land in the same geographical area. We also engage in property development projects whereby either we or the original land use rights owner are responsible for resettlement operations including compensation and resettlement of affected local residents, demolition of existing structures and clearing of land of the relevant areas. Please refer to the section headed "Business — Resettlement operations" starting on page 201 of this prospectus for further details.

OUR BUSINESS MODEL

We focus on mid-to-high-end residential property development in strategically targeted cities in the PRC, which we believe meet the needs of the growing middle class in these cities looking to either purchase their first homes or upgrade their living environment. We primarily offer multi-storey, low-rise and high-rise apartments and townhouses accompanied by street-level retail spaces to satisfy customers' daily needs for living, entertainment and leisure. We have also developed landmark properties such as high-grade office buildings and hotels at prime locations.

OUR PROPERTY DEVELOPMENT PROJECTS

As at 31 December 2013, our property portfolio comprised 15 property development projects with an aggregate GFA of 3,959,483.6 sq.m. under various stages of development in various cities in the PRC. The following table sets forth a summary of our property development projects as at 31 December 2013. Please refer to the section headed "Business — Portfolio of our property development projects" starting on page 165 of this prospectus for further details.

		COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT	
Project	**Site area**[1]	**GFA**[2] **completed**	**Saleable GFA**	**Saleable GFA remaining unsold**	**GFA under development**[2]	**Saleable GFA**	**Saleable GFA pre-sold**	**Planned GFA**[2]	**GFA without land use rights certificates**[3]
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
NANCHANG									
Crown International 皇冠國際	53,673.2	271,040.4	205,740.8	16,606.4	—	—	—	—	—
Crowne Plaza Nanchang Riverside Hotel 力高皇冠假日酒店	4,636.7	57,986.8	57,986.8	57,986.8	—	—	—	—	—
Spain Standard 力高國際城	466,665.3	603,671.8	597,383.9	74,476.9	305,265.8	298,241.0	141,891.4		
Riverside International 濱江國際	37,345.7	118,917.4	114,863.5	34,017.4	85,683.2	76,357.2	56,483.6	—	—
Bluelake County 瀾湖郡	135,285.0	—	—	—	—	—	—	286,794.7	—
Riverlake International 濱湖國際	68,373.0	—	—	—	—	—	—	205,846.3	205,846.3
TIANJIN									
Sunshine Coast 陽光海岸	481,394.0	—	—	—	184,949.2	181,531.4	—	1,290,276.8	—
Land Lot Nos. A1 and A2	69,336.2	—	—	—	—	—	—	55,469.0	55,469.0
JINAN									
Redco International 力高國際	54,162.0	—	—	—	226,076.9	214,966.2	106,310.8	—	—
Splendid the Legend 盛世名門	51,675.2	205,813.6	148,642.4	14,312.9	—	—	—	—	—
Scenery Holiday 假日麗景	34,934.9	87,545.2	85,995.5	2,157.9	—	—	—	—	—
YANTAI									
Sunshine Coast - Phase I 陽光海岸	51,693.7	—	—	—	—	—	—	186,470.8	—
HEFEI									
Mix Kingdom Redco 力高●共和城	395,596.4	401,885.3	368,581.2	48,589.8	205,890.3	200,429.7	143,318.6	263,959.7	
XIANYANG									
Royal City - Phsae I 御景灣	69,466.8	—	—	—	125,308.5	121,784.1	21,393.1	111,504.3	—
SHENZHEN									
Royal International 君御國際	33,035.3	—	—	—	—	—	—	177,640.0	177,640.0
TOTAL				248,148.1	1,133,373.9			2,577,961.6	

1. Information for "Site area" is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).

2. "GFA completed" of completed projects is based on surveying reports. "GFA under development" of projects under development is based on construction works commencement permits and/or construction works planning permits. "Planned GFA" of projects for future development is based on the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. We have entered into land grant contracts but not yet obtained land use rights certificates in respect of these parcels of land.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- we have demonstrated a proven track record of multi-regional success by focusing on key economic cities of the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions;
- we have acquired a quality land bank at competitive costs;
- we have been successful in establishing the "Redco" brand in the cities where we have built our presence;
- our standardised property designs and business protocols allow us to swiftly capture new market opportunities in the key economic cities; and
- we have a management team with strong execution capabilities and extensive industry experience.

OUR BUSINESS STRATEGIES

Within the next five years, we aim to become (i) one of the top 50 real estate developers in the PRC and (ii) one of the leading real estate developers in each of our strategically targeted key economic cities. We believe that we can achieve the aforesaid objectives by executing the following strategies:

- further expand our business operations in the key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions as well as other regions in China;
- continue our diversified land acquisition strategies with a view to allocating financial resources to what we believe to be the most profitable opportunities;
- continue to focus primarily on residential property development while achieving an optimal and diversified portfolio by developing a higher proportion of commercial property development projects;
- further strengthen our "Redco" brand by providing quality products to our customers and continuing to engage in projects that entail the construction of landmark properties; and
- continue to recruit, retain and motivate a talented workforce.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present summary consolidated financial information for 2010, 2011, 2012 and the nine months ended 30 September 2013.

Selected Line Items of the Consolidated Statements of Comprehensive Income

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	(RMB in thousands)				
				(unaudited)	
Revenue	1,528,300	1,355,999	1,550,942	1,006,529	2,142,774
Gross profit	328,244	269,134	458,164	328,132	720,431
Operating profit	264,204	168,074	322,613	233,039	605,068
Profit before income tax	265,566	162,229	316,361	222,339	605,364
Profit for the year/period	141,582	101,961	164,957	108,544	273,901
Attributable to:					
Equity holders of the Company	117,535	85,420	65,771	32,806	270,078
Non-controlling interests	24,047	16,541	99,186	75,738	3,823
	141,582	101,961	164,957	108,544	273,901

The following table sets out a breakdown of our revenue by geographical segments and their percentage of total revenue for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2010		2011		2012		2012		2013	
	(RMB in thousands except for percentages)									
							(unaudited)			
Greater Western Taiwan Straits Economic Zone	911,262	59.6%	712,885	52.6%	765,749	49.4%	744,952	74.0%	939,329	43.84%
Bohai Economic Rim	—	—	399,232	29.4%	—	—	—	—	1,014,348	47.34%
Central and Western Regions	617,038	40.4%	243,882	18.0%	785,193	50.6%	261,577	26.0%	189,097	8.82%
Total	1,528,300	100.0%	1,355,999	100.0%	1,550,942	100.0%	1,006,529	100.0%	2,142,774	100.0%

During the Track Record Period, we experienced fluctuations in our results of operations. These fluctuations were due to various factors, including (i) relatively high land acquisition costs for Scenery Holiday, which was our first property development in Jinan, (ii) pre-sales of properties at a relatively low average selling price made by the previous project owner of Mix Kingdom Redco in Hefei, which we acquired in 2011, (iii) the significant contribution to our revenue for 2012 of Crown International in Nanchang, in which we only hold a 50% equity interest, and (iv) tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries in 2012. Please refer to the section headed "Financial Information — Period to period comparison of results of operations" starting on page 290 of this prospectus for further details on our results of operations. Please also refer to the sections headed "Risk factors — Risks relating to our business — We may not be successful in managing our expansion into new cities or regions, and as a result our business, results of operation and financial condition may be materially and adversely affected" and "Risk factors — Risks relating to our business — We may acquire property development projects a portion of which may have been pre-sold at a relatively low average selling price, which may materially and adversely affect our results of operations when revenue is subsequently recognised for such pre-sales" on pages 32 and 33 of this prospectus, respectively for further details.

Summary Consolidated Balance Sheets

	At 31 December			At 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Non-Current Assets	357,819	339,531	338,880	302,755
Current Assets	3,422,142	4,517,028	5,602,505	6,408,315
Current liabilities	2,760,613	3,257,266	4,199,468	4,690,140
Non-current liabilities	520,300	934,693	907,989	891,159
Total Equity	499,048	664,600	833,928	1,129,771

Key Cash Flow Items and Working Capital

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	(RMB in thousands)			*(unaudited)*	
Net cash (used in)/generated from operating activities	(571,311)	380,562	321,947	361,387	546,434
Net cash (used in)/generated from investing activities	(262,038)	(507,605)	(44,856)	(9,640)	43,553
Net cash generated from/(used in) financing activities	543,373	(8,700)	198,434	69,310	(326,874)
Cash and cash equivalents at the end of the year/period	364,665	228,621	703,697	649,706	965,058

Property developments require substantial capital investment for land acquisition and construction works and it may take a number of months or years before positive cash flow can be generated. During the Track Record Period, we funded our growth principally from cash flow generated from operations and bank borrowings. We have maintained a prudent financial strategy during the Track Record Period. We had net current assets as at 31 December 2010, 2011 and 2012 and 30 September 2013, and net cash generated from operating activities in 2011, 2012 and for the nine months ended 30 September 2013. Our Directors believe that after taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus. Please refer to the section headed "Financial Information — Liquidity and capital resources" starting on page 312 of this prospectus for further details.

Key Financial Ratios

The following table sets out a summary of certain financial ratios for the periods or as at the dates indicated:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
Current ratio[1]	1.24	1.39	1.33	1.37
Gearing ratio[2] (%)	154.1	181.2	158.8	99.4
Net debt-to-equity ratio[3] (%)	62.4	133.1	50.1	1.1

	For the year ended 31 December			For the nine months ended 30 September
	2010	2011	2012	2013
Return on equity[4] (%)	31.6	17.7	12.0	32.2
Gross profit margin[5] (%)	21.5	19.8	29.5	33.6
Net profit margin[6] (%)	9.3	7.5	10.6	12.8

1. Current ratio is our current assets divided by our current liabilities at the end of each financial period.
2. Gearing ratio is our total bank borrowings as a percentage of total equity at the end of each financial period.
3. Net debt-to-equity ratio is our total bank borrowings less bank balances, cash and restricted cash as a percentage of total equity at the end of each financial period.
4. Return on equity is our profit attributable to our equity owners divided by equity attributable to our equity owners for each financial period.
5. Gross profit margin is our gross profit as a percentage of our revenue for each financial period.
6. Net profit margin is our net profit as a percentage of revenue at the end of each financial period.

Please refer to the section headed "Financial Information — Key financial ratios" starting on page 323 of this prospectus for an analysis of our key financial ratios.

KEY OPERATING STATISTICS

The following table sets forth certain of our key operating statistics relating to properties delivered during the Track Record Period:

	For the year ended 31 December			For the nine months ended 30 September	
	2010	2011	2012	2012	2013
	(RMB in thousands)				
Construction costs	939,765	817,380	835,148	526,206	908,887
Land acquisition costs	135,033	149,610	137,819	77,622	327,169
Capitalised borrowing costs	40,074	43,971	32,796	18,203	66,336
Cost of properties sold	1,114,872	1,010,961	1,005,762	622,031	1,302,392
GFA delivered (sq.m.)	303,215	304,831	260,660	147,798	321,604
Average cost of properties sold per sq.m. delivered (in RMB)[1]	3,677	3,316	3,859	4,209	4,050
ASP (in RMB per sq.m.)	5,040	4,448	5,950	6,810	6,663

1 Average cost of properties sold per sq.m. delivered is derived by dividing cost of properties sold by GFA delivered.

RECENT DEVELOPMENTS

Our Directors have confirmed that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 September 2013.

During the period from 1 October 2013 and up to the Latest Practicable Date, we entered into a land grant contract in respect of a parcel of land with a site area of 68,373.0 sq.m. and a planned GFA of 205,846.3 for Riverlake International in Nanchang in October 2013. In November 2013, we obtained land use rights certificates in respect of a parcel of land with an aggregate site area of 51,693.7 sq.m. and a planned GFA of 186,470.8 sq.m. for Sunshine Coast in Yantai. In December 2013, we have further entered into a land grant contract for the acquisition of a parcel of land with a site area of 33,035.3 sq.m. and a planned GFA of 177,640.0 sq.m. for Royal International in Shenzhen, the PRC. The total consideration payable by our Company under the relevant land grant contracts for Riverlake International in Nanchang, Sunshine Coast in Yantai and Royal International in Shenzhen is approximately RMB2,029.9 million. We have also entered into framework agreements in respect of proposed property development projects in Nanchang and Jurong. Please refer to the section headed "Business — Description of our property development projects" starting on page 170 of this prospectus for further details.

PROFIT ESTIMATE FOR 2013

Estimated unaudited profit attributable to equity holders of the Company[1]	Not less than RMB400.0 million (approximately HK$508.9 million)
Unaudited pro forma estimated earnings per Share[2]	Not less than RMB0.25 (approximately HK$0.32)

1. The bases on which the above profit estimate for 2013 has been prepared are summarised in Appendix III to this prospectus.
2. The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated consolidated profit attributable to the equity holders of the Company for 2013, assuming that our Company had been listed since 1 January 2013 and a total of 1,600,000,000 Shares to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering were issued and outstanding during the entire period. The calculation takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be issued upon exercise of the options granted under the Share Option Scheme, any shares which may be allotted and issued or repurchased by our Company pursuant to a general mandate.

DIVIDEND POLICY

In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders approximately 20% of any net distributable profits from our PRC operating entities. However, we will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or any agreements or contracts that we may enter into in the future.

Please refer to the section headed "Financial Information — Dividends" starting on page 326 of this prospectus for a detailed description of our dividend policy.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

Over the past few years, the PRC Government has introduced a number of policies to control the growth and curtail the overheating of, and the foreign investment in, the PRC property sector. Our Directors believe that while the introduction of austerity measures may have affected the demand from speculative buyers or property investors, such austerity measures had less impact on the demand from our target customers. However, there is no assurance that we can maintain our profitability in the future or that further measures or policies introduced by the PRC Government will not affect our business, results of operations and financial condition. Please refer to the section headed "Business — Real estate-related austerity measures implemented by the PRC Government" starting on page 221 of this prospectus for further details.

HISTORICAL NON-COMPLIANCE INCIDENTS

During the Track Rcord Period, we failed to comply with certain applicable laws and regulations, including non-compliance with respect to idle land and other non-compliance incidents. Our Directors consider that such non-compliance incidents will not have any material operational or financial impact on us. In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted or will adopt a number of remedial actions. Please refer to the section headed "Business — Internal control measures to ensure future compliance" starting on page 238 of this prospectus for further details. Please refer to the section headed "Business — Legal proceedings, compliance and internal control — Compliance with relevant laws and requirements — Historical non-compliance incidents" starting on page 227 of this prospectus for details regarding our Group's historical non-compliance incidents.

RESETTLEMENT OPERATIONS

We engage in property development projects whereby either we or the original land use rights owner are responsible for resettlement operations including compensation and resettlement of affected local residents, demolition of existing structures and clearing of land of the relevant areas. During the Track Record Period and up to the Latest Practicable Date, we participated or agreed to participate in four resettlement operations in Yantai, Jinan and Shenzhen, two of which were not yet completed as at the Latest Practicable Date. Please refer to the section headed "Business — Resettlement operations" starting on page 201 of this prospectus for details of these resettlement operations projects.

OFFERING STATISTICS[1]

	Based on the Offer Price of HK$2.10 per Share	Based on the Offer Price of HK$2.60 per Share
Our Company's market capitalisation upon completion of the Global Offering	HK$3,360 million	HK$4,160 million
Unaudited pro forma adjusted net tangible assets per Share[2][3]	HK$1.07	HK$1.19

1. All statistics in the following table are based on the assumption that the Over-allotment Option is not exercised.
2. The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjusments referred to in Appendix II to this prospectus based on 1,600,000,000 Shares expected to be in issue immediately following the completion of the Global Offering.
3. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2013. In particular, the unaudited pro forma adjusted net tangible assets of our Group do not take into account the dividend of approximately RMB150.0 million declared by our Group on 14 January 2014, which was paid in full on 15 January 2014 to the then Shareholders. The unaudited pro forma net tangible assets per share would have been HK$0.95 and HK$1.07 per share based on the Offer Price of HK$2.10 and HK$2.60 respectively, after taking into account the declaration of such dividend.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$865.0 million (assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- Approximately 90%, representing HK$778.5 million, will be used to pay the land premium in respect of the land use rights of new land of property development projects for which we have entered into land grant contracts, framework agreements or letters of intent. For more details of our potential property development projects with framework agreements or letters of intent signed, please refer to the section headed "Business — Projects with framework agreements or letters of intent signed" starting on page 195 of this prospectus.

  If we cannot obtain the land use rights of, or decide not to proceed with, any of these potential property development projects, we will continue to explore other potential property development projects and apply such proceeds from the Global Offering to expand our operations.

- The remaining amount of approximately not more than 10%, representing approximately HK$86.5 million, will be used for our working capital and other general corporate purposes.

In the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price range stated in this prospectus, we will adjust the above allocation of the net proceeds on a pro rata basis. Please refer to the section headed "Future Plans and Use of Proceeds" starting on page 331 of this prospectus for further details.

LISTING EXPENSES

Total expenses expected to be incurred in relation to the Listing (excluding underwriting commission) are HK$40.2 million. Out of the total expenses, HK$6.5 million was charged to our Group's income statements during the Track Record Period. It is estimated that listing fees in the sum of HK$10.8 million will be charged to equity after the Listing and the remaining listing fees in the sum of HK$21.7 million will be charged to our Group's income statements for the year ended 31 December 2013 and the year ending 31 December 2014.

SUPPLIERS AND CUSTOMERS

In 2010, 2011 and 2012 and the nine months ended 30 September 2013, our five largest suppliers, primarily comprising construction companies which are our contractors, accounted for 21.9%, 38.6%, 52.3% and 44.0% of our total costs of sales, respectively. Our single largest supplier accounted for 8.5%, 12.0%, 11.8% and 16.4% of our total costs of sales during the same periods, respectively. In 2010, 2011 and 2012 and the nine months ended 30 September 2013, our five largest customers accounted for 3.2%, 4.2%, 2.9% and 3.5% of our revenue, respectively, and our single largest customer accounted for 0.8%, 1.9%, 1.0% and 0.9% of our revenue during the same periods, respectively. Hefei Redco Asset Operation, a connected person of our Company by virtue of being controlled by Huang Ruoqing, our Director and controlling shareholder, was our second largest customer accounting for 1.3% of our revenue in 2011. Save for Hefei Redco Asset Operations, our five largest customers during the Track Record Period are Independent Third Parties and individual purchasers of our properties, who bought the relevant properties either for self-use or investment purposes. Please refer to the section headed "Business — Suppliers and Customers" starting on page 217 of this prospectus for further details.

PROPERTY VALUATION

As at 31 December 2013, the aggregate appraised market value attributable to our Group of our completed projects, projects under development and projects for future development was RMB1,346.8 million, RMB6,141.0 million and RMB5,625.0 million, respectively. The appraised value of our properties is based on a number of assumptions including:

(i) unless otherwise stated, we have paid all land grant premiums and obtained all land use rights certificates and transferrable land use rights;

(ii) we will develop and complete the projects in accordance with the latest development proposals provided to the Property Valuer and set out in the property valuation report as set out in Appendix IV to this prospectus; and

(iii) we have obtained all the consents, approvals and licenses from relevant governmental authorities for the development proposals without onerous conditions or delay.

We cannot assure you that the actual realisable value of the properties will be the same or higher than their appraised value. Please refer to the section headed "Risk Factors — Risks relating to our business — The appraisal values of our properties may be different from the actual realisable values and are subject to variation, and if the actual realisable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operations and financial condition" starting on page 44 of this prospectus for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our history can be traced back to 1992 when Mr. Wong started to engage in the business of construction decoration. Huang Ruoqing joined our Group in 1994. Global Universe is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Wong. Times International is a company incorporated in the BVI with limited liability and is wholly owned by Huang Ruoqing. Immediately upon completion of the Capitalisation Issue and the Global Offering, Global Universe and Times International will hold approximately 45% and 30%, respectively, of our issued share capital, taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme. Accordingly, Mr. Wong, Huang Ruoqing, Global Universe and Times International will be our controlling shareholders. Our controlling shareholders are not interested in any business which is, whether directly or indirectly, in competition with our business. Our Directors consider that we will be able to operate independently from our controlling shareholders and their respective associates (other than our Group) upon the Listing. In addition, in order to eliminate any existing or future competition with us, our controlling shareholders have undertaken to us in the Deed of Non-competition. Please refer to the section headed "Our Controlling Shareholders" starting on page 243 of this prospectus for further details.

OUR CONTROLLING SHAREHOLDER AS A WITNESS IN A TRIAL

Mr. Wong, our controlling shareholder, gave testimony in the trial of Lin Changyuan (林昌源), a former chief of Youxi county (尤溪縣), Fujian Province that he was asked by Lin Changyuan to advance an amount of RMB200,000, and Lin Changyuan was found guilty of receiving bribes by Fujian Xiamen Intermediate People's Court (廈門市中級人民法院). Please refer to the section headed "Our Controlling Shareholders — Our controlling shareholder as a witness in a trial" on page 248 of this prospectus for further details. As a result of the case, the Listing Committee considered that he is not suitable to act as a Director. Mr. Wong was an executive Director and the chairman of our Company during the Track Record Period and was responsible for strategic planning and overall management of our Group's business. Please refer to the section headed "Risk Factors — Risks relating to our business — Our success is dependent on the continuing service of members of our senior management, and if we lose the services of any of these key executives and cannot replace them in a timely manner, our business may be materially and adversely affected" starting on page 38 of this prospectus for further details.

RISK FACTORS

There are certain risks invovled in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC and (iv) risks relating to the Global Offering and our Shares.

Our most significant risk factors include:

- our business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which we develop our property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our business, results of operations and financial condition; and

- we may not be able to identify suitable land or acquire land use rights for future development at reasonable prices, or at all, and if that happens, our business, results of operations and financial condition as well as prospects may be materially and adversely affected.

The risks mentioned above are not the only significant risks that may affect our operations. As different investors may have different interpretations and standards for determining materiality of a risk, you are cautioned that you should carefully read the section headed "Risk Factors" starting on page 30 of this prospectus.

In this prospectus, unless the context otherwise requires, the following terms have the following meanings.

"AECOM"	AECOM Technology Corporation, a company incorporated in Delaware, United States in 1990 and currently listed on the New York Stock Exchange, and/or its subsidiaries from time to time, an Independent Third Party
"Application Form(s)"	white, yellow and green application form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on 14 January 2014 (as amended, supplemented or otherwise modified from time to time)
"average selling price" or "ASP"	average selling price on a gross basis, unless otherwise stated
"Baker Tilly"	Baker Tilly Hong Kong Risk Assurance Limited, an internal control consultant engaged by us, an Independent Third Party
"Belt Collins"	Belt Collins International (HK) Limited (貝爾高林國際(香港)有限公司), a company incorporated in Hong Kong with limited liability on 4 February 1986, and/or its affiliated companies from time to time, an Independent Third Party
"Bloom Trend"	Bloom Trend International Industrial Limited (興達國際實業有限公司), a company incorporated in Hong Kong with limited liability on 19 July 2012, an indirect wholly-owned subsidiary of our Company
"Board"	our board of Directors
"Bohai Economic Rim"	a region in Northern China in proximity to Bohai including Beijing, Tianjin municipality, Hebei Province, Shandong Province and Liaoning Province
"building ownership certificate"	building ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings (房屋所有權證)
"business day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Capitalisation Issue"	the issue of Shares to be made on the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the section headed "Statutory and General Information — Further information about our Group" in Appendix VI to this prospectus
"Cayman Companies Law"	the Companies Law (as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
"CBRC"	China Banking Regulatory Commission
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
"Central and Western Regions"	the Central region of the PRC that includes Shanxi Province, Anhui Province, Jiangxi Province, Henan Province, Hubei Province and Hunan Province and the Western region of the PRC that includes Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region and Xinjiang Uygur Autonomous Region
"Changfeng Lianhua"	長豐聯華置業有限公司 (Changfeng Lianhua Real Estate Co., Ltd.), a limited liability company established in the PRC on 27 June 2005, an indirect non wholly-owned subsidiary of our Company and owned as to 80% by Jiangxi Man Wo and 20% by Fujian Qunsheng Group Co., Ltd. (福建群盛集團有限公司), a connected person
"China" or "PRC"	the People's Republic of China, for the purpose of this prospectus and except where the context requires, references in this prospectus to the PRC or China do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Circular No.75"	Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and Return Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) issued by SAFE on 21 October 2005 and became effective on 1 November 2005
"Civil Air Defense Law"	PRC Law on Civil Air Defense (中華人民共和國人民防空法) promulgated by the NPC on 29 October 1996, as amended on 27 August 2009
"CMBI"	CMB International Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Company"	Redco Properties Group Limited (力高地產集團有限公司), an exempted company incorporated in the Cayman Islands under the Cayman Companies Law with limited liability on 14 July 2008 and, except where the context otherwise requires, includes all of its subsidiaries, joint venture entities and their predecessors. The expression "we", "us" and "our Company" may be used to refer to our Company or our Group as the context may require
"completion certificate"	construction works completion inspection acceptance certificate/record issued by local urban construction bureaus or competent authorities in the PRC with respect to the completion of property projects (竣工驗收備案)
"connected persons"	has the meaning ascribed to it under the Listing Rules
"construction land planning permit"	construction land planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設用地規劃許可證)
"construction works commencement permit"	construction works commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
"construction works planning permit"	construction works planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設工程規劃許可證)

"controlling shareholders"	has the meaning as defined in the Listing Rules. For the purpose of this prospectus, controlling shareholders of our Company refer to Mr. Wong, Huang Ruoqing, Global Universe and Times International
"CSRC"	China Securities Regulatory Commission
"Deed of Non-competition"	the deed of non-competition undertaking from our controlling shareholders to us dated 17 January 2014
"Director(s)"	the director(s) of our Company
"EIT"	the PRC Enterprise Income Tax
"EIT Law"	the PRC Enterprise Income Tax Law《中華人民共和國企業所得稅法》issued on 16 March 2007, effective on 1 January 2008
"Fame Step"	Fame Step International Investment Limited (達榮國際投資有限公司), a company incorporated in Hong Kong with limited liability on 13 January 2011, an indirect wholly-owned subsidiary of our Company
"FIREE(s)"	Foreign-Invested Real Estate Enterprise(s)
"Forever China"	泉州市中恒工程建設有限公司 (Forever China (Quanzhou) Construction Co., Ltd.) (formerly known as 泉州市力高工程建設有限公司 (Redco Engineering Building Co., Ltd. Quanzhou) and 福建泉州力高基礎工程有限公司 (Redco Foundational Engineering Co., Ltd. Quanzhou Fujian)), a limited liability company established in the PRC on 6 July 1994, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Fujian Hui Gao"	福建匯高投資有限公司 (Fujian Hui Gao Investments Co., Ltd.) (formerly known as 福建力高房地產開發有限公司 (Fujian Redco Property Development Co., Ltd. and 泉州市力高房地產開發有限公司 (Quanzhou Redco Property Development Co., Ltd.)), a limited liability company established in the PRC on 25 February 1995 and is owned as to 83.28% by Huang Ruoqing, our executive Director and one of our controlling shareholders, and 16.72% by Fan Huili, the spouse of Huang Ruoqing. Fujian Hui Gao is a connected person
"GDP"	gross domestic product
"GFA"	gross floor area

"Global Offering"	the Hong Kong Public Offer and the International Placing
"Global Universe"	Global Universe International Holdings Limited (環宇國際控股有限公司), a company incorporated in the BVI with limited liability on 23 June 2008 and owned as to 100% by Mr. Wong, our Honorary Chairman and one of our controlling shareholders. Global Universe is a connected person
"Golden Equal"	Golden Equal Global Limited (金鼎環球有限公司), a company incorporated in the BVI with limited liability on 13 November 2012, an indirect non wholly-owned subsidiary of our Company and owned as to 51% by Max Income and 49% by High Valued Group Limited, a connected person of our Company
"Greater Western Taiwan Straits Economic Zone"	means the economic zone including Fujian Province, Jiangxi Province, Wenzhou, Lishui and Quzhou in Zhejiang Province and Shantou, Meizhou, Chaozhou and Jieyang in Guangdong Province
"Green application form(s)"	the application form(s) to be completed by White Form eIPO Service Provider designated by our Company
"Group"	our Company, its subsidiaries and the jointly controlled entity, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors
"Hefei Redco Asset Operation"	合肥力高資產經營管理有限公司 (Hefei Redco Asset Operation Management Co., Ltd.), a limited liability company established in the PRC on 7 January 2010, a connected person of our Company and a wholly-owned subsidiary of Fujian Hui Gao, which is owned as to 83.28% by Huang Ruoqing, our executive Director and one of our controlling shareholders, and 16.72% by Fan Huili, the spouse of Huang Ruoqing. Hefei Redco Asset Operation is a connected person
"HKFRS"	Hong Kong Financial Reporting Standards, which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and their interpretations issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Binjiang"	Hong Kong Binjiang Industrial Limited (香港濱江實業有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2012, an indirect wholly-owned subsidiary of our Company
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Great Strength"	Hong Kong Great Strength Investments Limited (香港力澤投資有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2012, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Hong Kong Offer Shares"	the 40,000,000 new Shares (subject to adjustment as described in the section headed "Structure of the Global Offering") being offered by us for subscription under the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and the Application Forms
"Hong Kong Royal Lofty"	Hong Kong Royal Lofty Investments Limited (香港御高投資有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2012, an indirect wholly-owned subsidiary of our Company
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Spring Top"	Hong Kong Spring Top Investments Limited (香港泉高投資有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2012, an indirect wholly-owned subsidiary of our Company
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 20 January 2014 relating to the Hong Kong Public Offer entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and us, particulars of which are set out in the section headed "Underwriting" in this prospectus
"Hong Kong Wing Power"	Hong Kong Wing Power Developments Limited (香港榮力發展有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2012, an indirect wholly-owned subsidiary of our Company
"Hong Lee"	Hong Lee Investment (International) Company Limited (康利投資(國際)有限公司), a company incorporated in Hong Kong with limited liability on 26 August 2013, an indirect wholly-owned subsidiary of our Company
"Hui Gao"	Hui Gao Investments Development Limited (匯高投資發展有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an indirect wholly-owned subsidiary of our Company
"ICBC International Capital"	ICBC International Capital Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
"ICBC International Securities"	ICBC International Securities Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities (as defined under the SFO)
"Independent Third Party(ies)"	a person or persons that is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
"Integration of Xi'an and Xianyang"	西咸一體化, a governmental initiative proposed by the Shaanxi government in 2002 in relation to the integration of Xi'an and Xianyang on various levels including transportation network, public utilities, market information and the travel industry
"International Placing"	the conditional placing of the International Placing Shares to institutional, professional and other investors as set out under the section headed "Structure of the Global Offering" in this prospectus
"International Placing Agreement"	the underwriting agreement relating to the International Placing which is expected to be entered into, among others, the Joint Global Coordinators, the International Underwriters and us on or around 24 January 2014

"International Placing Shares"	the 360,000,000 new Shares (subject to adjustment and the Over-allotment Option) to be offered by us for subscription under the International Placing described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing
"Jiangxi Chongde"	江西崇德房地產開發有限公司 (Jiang Xi Chong De Real Estate Development Co., Ltd.), a limited liability company established in the PRC on 28 October 2010, an indirect wholly-owned subsidiary of our Company
"Jiangxi Li Jia"	江西力嘉實業有限公司 (Jiangxi Li Jia Industry Co., Ltd.), a limited liability company established in the PRC on 29 May 2013, formerly owned as to 65% by Jiangxi Man Wo and 35% by Xiong Yonghua (熊涌華), a connected person prior to its deregistration on 12 December 2013 and ceased to be our subsidiary
"Jiangxi Man Wo"	江西萬和房地產開發有限公司 (Jiangxi Man Wo Property Development Co., Ltd.), a limited liability company established in the PRC on 24 September 2004, an indirect wholly-owned subsidiary of our Company
"Jiangxi Redco Property Development"	江西力高房地產開發有限公司 (Jiangxi Redco Property Development Co., Ltd.), a limited liability company established in the PRC on 20 January 2010, an indirect wholly-owned subsidiary of our Company
"Jiangxi Zhengli"	江西政力房地產開發有限公司 (Jiangxi Zhengli Property Development Co., Ltd.), a limited liability company established in the PRC on 22 October 2013, an indirect non wholly-owned subsidiary of our Company and owned as to 26% by Jiangxi Man Wo, 25% by Jiangxi Redco Property Development and 49% by 南昌市政公用建設有限公司 (Nanchang Municipal Public Construction Co., Ltd.), a connected person
"Joint Bookrunners"	ICBC International Capital and Kingston
"Joint Global Coordinators"	ICBC International Capital and Kingston
"Joint Lead Managers"	ICBC International Securities Limited, Kingston and CMBI
"Kingston"	Kingston Securities Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities (as defined under the SFO)
"land grant contract"	a land use rights grant contract (土地使用權出讓合同)

"land use rights certificate"	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (土地使用權證)
"LAT"	land appreciation tax (土地增值稅) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules, as described in the section headed "PRC Regulatory Overview" in this prospectus
"Latest Practicable Date"	13 January 2014, being the latest practicable date before the printing of this prospectus for ascertaining certain information in this prospectus
"Li Jia International"	Li Jia International Investments Limited (力嘉國際投資有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an indirect wholly-owned subsidiary of our Company
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 30 January 2014, on which our Offer Shares are listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"M&A Provisions"	the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors《關於外國投資者併購境內企業的規定》issued by six PRC ministries and commissions, as effective on 8 September 2006 and revised on 22 June 2009
"Main Board"	the stock market operated by the Stock Exchange before the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
"Max Income"	Max Income Holdings Limited (富宏控股有限公司), a company incorporated in the BVI with limited liability on 23 May 2012, an indirect wholly-owned subsidiary of our Company
"Maxprofit Globe"	Maxprofit Globe Holdings Limited (利達集團有限公司), a company incorporated in the BVI with limited liability on 30 May 2012, an indirect wholly-owned subsidiary of our Company

"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on 14 January 2014 (as amended, supplemented or otherwise modified from time to time)
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部), as appropriate to the context
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"Mr. Wong"	Wong Yeuk Hung, our Honorary Chairman and our controlling shareholder
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress or its standing committee as the context may require (全國人民代表大會或其常務委員會)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed under the Hong Kong Public Offer and the International Placing Shares are to be offered under the International Placing, to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing and allocation"
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with an additional Shares issued under the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters under which we may be required to issue up to 60,000,000 additional Shares at the final Offer Price, to cover over-allocation in the International Placing

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Pearl River Delta Region"	means the Pearl River Delta economic zone which includes nine municipalities, namely Guangzhou, Shenzhen, Dongguan, Foshan, Jiangmen, Zhongshan, Zhuhai, and the urban areas of Huizhou and Zhaoqing in Guangdong Province of the PRC
"People's Congress"	the legislative apparatus of the PRC, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them (人民代表大會)
"plot ratio"	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
"Power Creation"	Power Creation International Development Limited (力創國際發展有限公司), a company incorporated in the BVI with limited liability on 17 December 2008, an indirect non wholly-owned subsidiary of our Company and owned as to 99% by Redco Holdings (BVI) and 1% by Cheng Ming-Kun (鄭銘坤), an Independent Third Party
"Power Spring"	Power Spring International Investments Limited (力泉國際投資有限公司), a company incorporated in the BVI with limited liability on 24 September 2012, an indirect wholly-owned subsidiary of our Company
"Power Success"	Power Success International Investments Limited (力信國際投資有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Power Thrive"	Power Thrive International Investment Limited (力盛國際投資有限公司), a company incorporated in Hong Kong with limited liability on 19 January 2009, an indirect non wholly-owned subsidiary of our Company
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Adviser"	King & Wood Mallesons, our legal adviser as to PRC laws
"pre-sale permit"	the pre-sale permit authorising a developer to start the pre-sale of a property under construction (商品房預售許可證)
"Price Determination Date"	the date on which the Offer Price is fixed for the purpose of the Global Offering

"Property Valuer"	Savills Valuation and Professional Services Limited
"public tender", "auction", or "listing-for-sale"	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC government; please refer to the section headed "PRC Regulatory Overview" in this prospectus for a detailed explanation of these processes
"Quanzhou Binjiang"	泉州市濱江房地產開發有限公司 (Binjiang Real Estate Development Co., Ltd. Quanzhou), a limited liability company established in the PRC on 20 December 2002, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Quanzhou Ligao"	福建泉州市力高裝璜有限公司 (Quanzhou Ligao Mount Co., Ltd. Fujian), a limited liability company established in the PRC on 24 December 1992, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Quanzhou Ruifeng"	泉州瑞峰房地產發展有限公司 (Quanzhou Ruifeng Real Estate Development Co., Ltd.), a limited liability company established in the PRC on 9 December 1994, an Independent Third Party which was our indirect non-wholly owned subsidiary prior to the Reorganisation
"Redco (China)"	力高(中國)地產有限公司 (Redco (China) Real Estate Co., Ltd.), a limited liability company, established in the PRC on 15 September 2005, an indirect wholly-owned subsidiary of our Company
"Redco Development (Jiangxi)"	力高置業(江西)有限公司 (Redco Development (Jiangxi) Co., Ltd.), a limited liability company established in the PRC on 28 December 2005, an indirect non wholly-owned subsidiary of our Company owned as to 100% by Redco Investment
"Redco Group (Fujian)"	力高集團(福建)有限公司 (Redco Group (Fujian) Co., Ltd.), a limited liability company established in the PRC on 31 December 1996, an Independent Third Party which was our indirect wholly-owned subsidiary prior to the Reorganisation
"Redco Holdings (BVI)"	Redco Properties Holdings Limited (力高地產控股有限公司), a company incorporated in the BVI with limited liability on 23 June 2008, a wholly-owned subsidiary of our Company

"Redco Holdings (Hong Kong)"	Redco Holdings (Hong Kong) Co. Limited (力高集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on 13 May 1998, an indirect wholly-owned subsidiary of our Company
"Redco Industrial"	Redco Industrial Investment Limited (力高實業投資有限公司), a company incorporated in Hong Kong with limited liability on 28 June 2011, an indirect wholly-owned subsidiary of our Company
"Redco Industry (Jiangxi)"	力高實業(江西)有限公司 (Redco Industry (Jiangxi) Co., Ltd.), a limited liability company established in the PRC on 28 July 2010, which owned as to 100% by Redco Investment and is a joint venture of our Company
"Redco International (HK)"	Redco International (HK) Limited (力高國際(香港)有限公司) (formerly known as Golden City International (HK) Limited (金城國際(香港)有限公司)), a company incorporated in Hong Kong with limited liability on 8 November 2012, an indirect non wholly-owned subsidiary of our Company
"Redco Investment"	Redco Investment (International) Co. Limited (力高投資(國際)有限公司), a company incorporated in Hong Kong with limited liability on 17 October 2005, an indirect non wholly-owned subsidiary of our Company and owned as to 50% by Redco Holdings (Hong Kong) and 50% by Top Plan (HK) Limited, a connected person
"Redco Properties (HK)"	Redco Properties (Hong Kong) Company Limited (力高置業(香港)有限公司) (formerly known as Hong Kong Strength Force Industrial Limited (香港力深實業有限公司)), a company incorporated in Hong Kong with limited liability on 6 July 2012, an indirect wholly-owned subsidiary of our Company
"Redco (Tianjin)"	力高(天津)地產有限公司 (Redco (Tianjin) Real Estate Co., Ltd.), a limited liability company established in the PRC on 2 April 2009, an indirect non wholly-owned subsidiary of our Company
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of our group in preparation for the Listing, details of which are set out in the section headed "History, Reorganisation and Group Structure — History and reorganisation — Reorganisation" in this prospectus

"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC
"Saleable GFA"	(i) GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the project; and (ii) GFA of all underground car parks which we intend to transfer the right to use thereof
"SAT"	the State Administration of Taxation of the PRC (中國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Shandong Hengjia"	山東恒嘉置業有限公司 (Shandong Hengjia Real Estate Co., Ltd.), a limited liability company established in the PRC on 14 December 2005, an indirect wholly-owned subsidiary of our Company
"Shandong Redco"	山東力高房地產開發有限公司 (Shandong Redco Real Estate Development Co., Ltd.), a limited liability company established in the PRC on 22 April 2004, an indirect wholly-owned subsidiary of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by us on 14 January 2014, the principal terms of which are summarised in the section headed "Statutory and General Information — Share option scheme" in Appendix VI to this prospectus
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) with a nominal value of HK$0.10 each in our share capital
"Shenzhen Chuangxin"	深圳創信工程造價諮詢有限公司 (Shenzhen Chuangxin Construction Cost Consulting Co., Ltd.), a limited liability company established in the PRC on 25 May 2012, an indirect wholly-owned subsidiary of our Company

"Shenzhen Dadao"	深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd.) a limited liability company established in the PRC on 2 January 2014, an indirect non wholly-owned subsidiary of our Company
"Shenzhen Jindian"	深圳市今典設計顧問有限公司 (Shenzhen Jindian Design Consulting Co., Ltd.), a limited liability company established in the PRC on 25 May 2012, an indirect wholly-owned subsidiary of our Company
"Shenzhen Redco"	深圳力高置業有限公司 (Shenzhen Redco Real Estates Co., Limited), a limited liability company established in the PRC on 26 August 2013, formerly owned as to 49% by 上海金田能源有限公司 (Shanghai Jintian Energy Co., Ltd.), an Independent Third Party and 51% by Redco (China) prior to its deregistration on 13 January 2014 and ceased to be our subsidiary
"Shenzhen Xingju"	深圳興居貿易有限公司 (Shenzhen Xingju Trading Co., Ltd.), a limited liability company established in the PRC on 22 February 2012, an indirect wholly-owned subsidiary of our Company
"Sole Sponsor"	ICBC International Capital
"Sole Sponsor's PRC Legal Adviser"	Jun He Law Offices
"sq.km."	square kilometre
"sq.m."	square metre
"Stabilising Manager"	Kingston
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	a stock borrowing agreement to be entered into on or about 24 January 2014 between Global Universe and the Stabilising Manager
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers and Share Repurchases

"Tianjin Redco"	天津市力高有限公司 (Tianjin Redco Co., Ltd.), a limited liability company established in the PRC on 8 September 2011, formerly owned as to 100% by Redco Industrial and our indirectly wholly-owned subsidiary prior to its deregistration on 15 January 2014, and ceased to be our subsidiary
"Times International"	Times International Development Company Limited (時代國際發展有限公司), a company incorporated in the BVI with limited liability on 23 June 2008 and owned as to 100% by Huang Ruoqing, an executive Director and one of our controlling shareholders. Times International is a connected person
"Top Creation"	Top Creation Worldwide Investments Limited (創高環球投資有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an indirect wholly-owned subsidiary of our Company
"Top Glory"	Top Glory International Holdings Limited (銘高國際控股有限公司), a company incorporated in the BVI with limited liability on 24 September 2012, an indirect wholly-owned subsidiary of our Company
"Top Thrive"	Top Thrive Real Estates Investments Limited (盛高置業投資有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an indirect wholly-owned subsidiary of our Company
"Track Record Period"	the three financial years ended 31 December 2012 and the nine months ended 30 September 2013
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated under it

"Wei Li International"	Wei Li International Developments Limited (偉力國際發展有限公司), a company incorporated in the BVI with limited liability on 15 June 2012, an indirect wholly-owned subsidiary of our Company
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Xianyang Redco"	咸陽力高房地產開發有限公司 (Xianyang Redco Property Development Co., Ltd.), a limited liability company established in the PRC on 15 June 2012, an indirect non wholly-owned subsidiary of our Company owned as to 70% by Jiangxi Redco Property Development and 30% by Chen Huaimei (陳懷美), a connected person
"Yantai Redco Development"	煙台力高置業有限公司 (Yantai Redco Development Co., Ltd.), a limited liability company established in the PRC on 9 October 2012, an indirect wholly-owned subsidiary of our Company
"Yantai Redco Real Estate"	煙台力高房地產開發有限公司 (Yantai Redco Real Estate Development Co., Ltd.), a limited liability company established in the PRC on 3 September 2001, an Independent Third Party which was owned as to 30% by Redco Holdings (Hong Kong) and 70% by Fujian Hui Gao, a connected person prior to the Reorganisation
"%"	per cent

The terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" have the meanings given to such terms under the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC Government authorities or the PRC entities mentioned in this prospectus and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purposes only.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plans to execute these strategies;
- our capital expenditure plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- projects under construction or planning;
- our financial condition;
- availability of bank loans and other forms of financing;
- our ability to reduce costs;
- our dividend policy;
- the future developments trends, conditions and competitive environment in our industry;
- the effect of the global financial markets and economic crisis;
- changes or volatility in interest rates, foreign exchange rates and overall market changes;
- the regulatory environment for our industry in general; and
- the general economic trend of the PRC and general economic conditions.

The words “anticipate”, “believe”, “consider”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “project”, “seek”, “will”, “would”, and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed “Risk Factors”, many of which are beyond our Company’s control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or objectives will be achieved. If any or all of these risks or uncertainties materialise, or the underlying assumptions prove to be incorrect, our financial condition may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed or expected.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. Our operations involve certain risks, many of which are beyond our control. You should pay particular attention to the fact that almost all of our business is located in the PRC and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, financial condition and operating results could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS

Our business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which we develop our property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our business, results of operations and financial condition.

Our business and revenue growth is subject to favourable economic conditions in the PRC, particularly in the cities where our property projects are located. As we focus on the development of residential developments in the PRC, if the property market, in particular the residential property market, in the PRC performed badly, it would have a direct adverse effect on us.

The PRC property market is affected by many factors, including changes in the PRC's social, political, economic and legal environments, changes in the PRC Government's fiscal and monetary policy, the lack of a mature and active secondary market for residential properties and the limited availability of mortgage loans to individuals in the PRC. We are also sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences of the urban Chinese population. Other factors beyond our control such as levels of personal disposable income may also affect consumer confidence in our geographical markets and demand for our properties.

Demand for residential properties in the PRC has been growing rapidly in the past few years. However, such growth is often coupled with volatility in market conditions and fluctuations in housing prices. There have been concerns that the PRC property market has been overheating and may become a property "bubble". In response, the PRC Government has taken measures to prevent the overheating of the PRC property market. Such measures may lead to changes in market conditions, price instability and an imbalance between the supply of and demand for properties in the PRC.

We cannot assure you that the PRC residential property market and housing prices will continue to grow at past levels or will not decline. Any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to identify suitable land or acquire land use rights for future development at reasonable prices, or at all, and if that happens, our business, results of operations and financial condition as well as prospects may be materially and adversely affected.

We derive substantially all our revenue from the sale of properties that we have developed. We must continuously acquire land use rights for sites suitable for future development at reasonable prices at an appropriate pace in order to generate sustainable revenue and business growth. There is a limited supply of suitable land available for development in the cities or regions into which we plan to expand, and the costs of acquiring land use rights in many such cities have increased in recent years. We also face strong competition from other property developers for sites that we may target. We cannot assure you that we will be able to successfully acquire any or all of the land use rights for projects planned for future development at reasonable prices, or at all.

The PRC Government has control over the supply of substantially all land and their approved usage, and regulates various aspects of the process through which land is acquired and developed. Such PRC government land policies have a direct impact on our ability to acquire land and our costs of acquisition. Any changes in PRC government land policies with regard to land supply and development may lead to increases in our costs of acquisition and limit our ability to successfully acquire land at reasonable prices, which would have a material adverse effect on our business, results of operations and financial condition. The various PRC regulatory measures may also intensify the competition for land in the PRC among property developers. Please refer to the section headed "— Risks relating to our industry — Our operations are subject to extensive governmental regulations and the frequent introduction of new regulations, and we may be affected by further measures by the PRC Government to slow down the growth of the property sector" in this prospectus for further details. For additional information on the regulatory procedures and restrictions on land acquisition in the PRC, please refer to the section headed "PRC Regulatory Overview" in this prospectus.

If we fail to acquire land use rights for sites suitable for development in a timely manner, at reasonable prices or at all, or if further changes in government policies with regard to land supply and development lead to increases in our costs of acquisition, our business, results of operations and financial condition as well as prospects may be materially and adversely affected.

We may not be able to obtain land use rights of parcels of land with respect to which framework agreements or letters of intent have been entered into, and as a result, there may be a material adverse effect on our business, results of operation and financial condition.

We have entered into a number of agreements or letters of intent with relevant governmental authorities and third parties with respect to parcels of land. We may also, from time to time, pay deposits or advance payments pursuant to such agreements, letters of intent and other arrangements in an attempt to acquire land. Such arrangements do not constitute land grant contracts. We cannot assure you that these agreements or letters of intent will eventually result in our acquisition of any land use rights or our entering into of any land grant contract, or that the governmental authorities will grant us the land use rights or issue the relevant land use rights certificates in respect of these parcels of land. If we fail to obtain or experience a material delay in obtaining the land use rights, there may be a material adverse effect on our business, results of operation and financial condition. If a land acquisition fails to materialise, we are generally entitled to a refund of our advance payments or deposits pursuant to the relevant agreements or arrangements. However, there is no assurance that the refund will be made on a timely basis. If there is any delay in refunding our deposits or advance payments, our business, results of operations and financial condition may be materially and adversely affected.

We rely on our external contractors for all of our construction works and if any of these contractors fail to deliver satisfactory services, our reputation, business, results of operations and financial condition may be materially and adversely affected.

We outsource construction works of all our projects to external contractors. Such works include, among other things, foundation digging, general construction and installation of equipment. We consider a wide range of factors when selecting a contractor. We cannot assure you that any such external contractor will provide satisfactory services at the required quality level. If the performance of any external contractor is unsatisfactory, we may need to replace the external contractor or take other actions to remedy the situation, which may have a material adverse effect on the cost and construction progress of our projects.

In accordance with applicable PRC laws and regulations, we provide warranties on the quality of properties we construct or sell to our customers. We receive quality warranties from third-party contractors we engage to construct our development projects. If claims are brought against us under our warranties, and if the relevant third-party contractor fails to indemnify us for such claims in a timely manner or at all, we could incur significant expenses to resolve such claims or face delays in rectifying such defects. The occurrence of these events may harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Furthermore, our external contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs. The occurrence of any of the above events may have a material adverse effect on our reputation, business, results of operations and financial condition.

We may not be successful in managing our expansion into new cities or regions, and as a result our business, results of operation and financial condition may be materially and adversely affected.

We have focused primarily on the development of residential properties in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions in the PRC. We intend to continue to expand our operations into additional cities in these regions. In addition, we intend to expand into other regions in the PRC.

Expanding into new geographical locations involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. In addition, expanding our business into new geographical locations would entail competition with developers who may have a better-established local presence or greater access to local expertise and knowledge than we do.

As we may face challenges not previously encountered, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand. For example, we paid relatively high land acquisition costs per sq.m. for Scenery Holiday, our first property development project in Jinan, as compared with our other projects for which we recognised revenue in 2011. Partly due to such relatively high land acquisition costs, the gross profit margin for Scenery Holiday in 2011 was significantly lower than the gross profit margin for our properties delivered in 2011. Please refer to the section headed "Financial Information — Period to period comparison of results of operations" in this prospectus for further details regarding the trend of our historical results of operations.

In addition, expanding into new geographic locations requires a significant amount of capital and management resources. We will also need to manage the growth in our workforce to match the expansion of our business. Any of these factors could have a material adverse effect on our business, results of operations, financial conditions as well as prospects.

We may acquire property development projects a portion of which may have been pre-sold at a relatively low average selling price, which may materially and adversely affect our results of operations when revenue is subsequently recognised for such pre-sales.

In December 2010, we acquired Mix Kingdom Redco in Hefei from a third-party developer. At the time of the acquisition, certain phases of the project had been completed, while a portion of the properties of the project had been pre-sold at a relatively low average selling price. As all revenue recognised in 2011 for Mix Kingdom Redco was attributable to the delivery of properties in 2011 that had been pre-sold by the previous project owner, such pre-sales had an adverse effect on our overall gross profit margin in 2011. Please refer to the section headed "Financial Information — Period to period comparison of results of operations" in this prospectus for further details.

We may acquire in the future other property development projects a portion of which have been pre-sold. If the properties of the property development projects had been pre-sold at a low average selling price, there may be a material adverse effect on our results of operations.

A deterioration in our reputation and brand image may have a material adverse effect on our business, results of operations and financial condition.

We rely on our reputation and brand image to attract potential customers to our properties. Reputation and brand image are based largely on consumer perceptions with a variety of subjective qualities and can be damaged by isolated business incidents that degrade consumer confidence. Any negative incident or negative publicity concerning us or our properties, whether accurate or not, may damage our reputation and have a material adverse effect on our business, results of operations and financial condition. In addition, any inaccurate or negative media reports may require us to engage in defensive actions, which may divert our management's attention and adversely affect our business and results of operations. We cannot assure you that there will not be any other false, inaccurate or negative media reports about us or our projects in the future.

We may fail to obtain, or experience material delays in obtaining, requisite certificates, licenses, permits or governmental approvals for our property development operations, and as a result our development plans, business, results of operations and financial condition may be materially and adversely affected.

The property industry in the PRC is heavily regulated. During various stages of our property development projects, we are required to obtain and maintain various certificates, licences, permits, certificates and governmental approvals, including but not limited to qualification certificates, land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits, pre-sale permits and completion certificates. Before the government authorities issue or renew any certificate, licence or permit, we must meet specific conditions. Please refer to the section headed "PRC Regulatory Overview" in this prospectus for details.

We cannot assure you that we will be able to adapt to new PRC land policies that may come into effect from time to time with respect to the property development industry or that we will not encounter other material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates, licenses or permits for our operations in a timely manner, or at all, in the future. If we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates, licenses or permits for any of our major property development projects, we will not be able to continue with our development plans, and our business, results of operations and financial condition may be adversely affected.

We may not be able to complete or deliver our property development projects on time, which may subject us to liabilities as a result of such delays.

The progress of a property development project may be materially and adversely affected by various factors, including delays in obtaining necessary licences, permits or governmental approvals, shortages of materials, equipment and skilled labours, labour disputes, negligence or poor work quality of contractors, construction accidents, natural catastrophes, adverse weather conditions and changes in governmental policies.

We make certain undertakings in our sales contracts including delivering completed properties and individual building ownership certificates to our customers within the period stipulated in the sales contracts. These sales contracts and the relevant PRC laws and regulations provide for remedies for breach of such undertakings. Should we fail to complete the properties on time, our customers may seek compensation for late delivery pursuant to either their sales contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our customers may terminate the sales contracts and claim compensation. We may also be liable to compensate our customers for any delay in the delivery of individual building ownership certificates, which is caused by delays in the administrative approval process or other reasons beyond our control.

We cannot assure you that we will not experience any significant delays in the completion or delivery of our properties, or that we will not be subject to any liabilities for any such delays. Liabilities arising from any delays in the completion or delivery of our properties may have a material adverse effect on our business, results of operations and financial condition.

The PRC Government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts or listing-for-sale confirmation letters, and we may not be able to obtain land use rights certificates with respect to certain parcels of land.

Under PRC laws and regulations, the PRC Government may issue a warning, impose a penalty and/or reclaim our land if we fail to develop a particular project according to the terms of the relevant land grant contracts, such as the approved land use, payment of land premiums and other fees, and the time for commencement and completion of development.

Under current PRC laws and regulations, we may be subject to late penalties as stipulated in the land grant contracts if we fail to pay any outstanding land premium by the stipulated deadline. If we fail to commence development for more than one year from the commencement date stipulated in the land grant contracts, the relevant PRC land bureau may serve an investigation notice and impose an idle land fee of up to 20% of the land premium on us if the delay is found out not to be caused by government actions or force majeure. If we fail to commence development for more than two years, the land may be subject to forfeiture by the PRC Government unless the delay is caused by government actions or force majeure. Furthermore, even if we commence development in accordance with the land grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as specified in the project registration or approval documents, not including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

During the Track Record Period, (i) construction works in respect of one of our projects, namely Bluelake County in Nanchang, had been delayed for more than two years from the construction commencement date stipulated under the relevant land grant contract; (ii) construction works in respect of two of our projects, namely Spain Standard in Nanchang and Mix Kingdom Redco in Hefei, had been delayed for one year or above from the prescribed construction works commencement date under the relevant land grant contracts; and (iii) sea reclamation works in respect of one of our projects, namely Sunshine Coast in Tianjin, were not completed within the prescribed period in the relevant listing-for-sale confirmation letter.

We cannot assure you that we will be able to fully comply with the obligations under the land grant contracts or listing-for-sale letters in the future due to factors which are beyond our control, or that our property development projects will not be subject to idle land penalties or be taken back by the government as a result of such delays. If we fail to comply with the terms of any land grant contract or listing-for-sale confirmation letter as a result of delays in project development or any other reasons, we may lose our previous investments in the land and the opportunity to develop the project, which may have a material adverse effect on our business, results of operations and financial condition.

We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans.

In line with industry practice, we provide guarantees for mortgage loans taken by our purchasers of properties developed by us. Typically, we guarantee mortgage loans taken out by purchasers until the earlier of (i) the relevant properties are completed and the relevant building ownership certificates and the mortgage are registered in favour of the mortgagee bank, and (ii) the mortgage loans between the mortgagee bank and the purchaser are settled. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, our outstanding guarantees in respect of the mortgages for certain purchasers of our properties amounted to RMB42.5 million, RMB429.3 million, RMB831.3 million and RMB1,186.7 million, respectively. During the Track Record Period, we encountered eight incidents of default by purchasers, which involved an aggregate default payment of RMB1.8 million. If there is any material default and if we were called upon to honour our guarantees, our business, results of operations and financial condition may be materially and adversely affected.

Our results of operations are largely dependent on the development schedules and pre-sales of our projects and may therefore fluctuate significantly from period to period, and such fluctuations make it difficult to predict our future performance and the price of our Shares.

Since we derive our revenue primarily from the sale of properties developed by us, our future cash flows and revenue are heavily affected by the schedule of pre-sale and sale of our properties.

Our results of operations may vary in the future due to various factors, including the overall schedule of our property developments projects, the level of acceptance by our customers of our properties, the timing of the pre-sale and sale of properties, our revenue recognition policies and any changes in our development costs and expenses. Our property developments are often developed in multiple phases over the course of several years. Typically, as the overall development approaches completion, the selling prices of the properties tend to increase in such large scale property developments as a more established residential community is offered to purchasers. According to our revenue recognition policy, we recognise revenue from sales of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of construction works. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue, if the properties are not completed and delivered within the same period. The effect of timing of delivery on our results of operation is accentuated by the fact that we can only undertake a limited number of projects at a particular time, as we require substantial capital to fund land acquisition and construction costs.

Accordingly, our results of operations for any given period may not be indicative of the actual demand of our properties or the pre-sales or sales achieved during such period. Our revenue and profit during any given period generally reflect property purchases at a time in the past. Accordingly, our results of operations are not necessarily indicative of results that may be expected for any future period and may lead to fluctuations in the price of our Shares.

Our profitability and results of operations are affected by changes in interest rates.

We finance our property development projects primarily through proceeds from pre-sales and sales and bank borrowings. Changes in interests rates have affected, and will continue to affect, our financing costs for our property developments. Our bank borrowings are primarily denominated in Renminbi. The interests rates on our Renminbi bank borrowings are primarily affected by the benchmark interests rate set by the PBOC, which has fluctuated significantly in recent years. Most of our finance costs are capitalised and recognised as cost of sales upon the sale of properties. As a result, such capitalised finance costs may adversely affect our gross profit margin upon the sales of properties in future. In addition, changes in interest rates may affect our customers' ability to secure mortgage on acceptable terms, which, in turn, may affect their ability to purchase our properties. In 2010, 2011, 2012 and the nine months ended 30 September 2013, our finance costs were RMB1.7 million, RMB0.6 million, RMB4.2 million and RMB3.6 million, respectively. Please refer to Note 3 of the accountant's report set out in Appendix I to this prospectus for further details regarding our cash flow interest rate risk.

We cannot assure you that the PBOC will not raise lending rates further or otherwise discourage bank lending. Further increases in lending rates may increase our finance costs, which may have a material adverse effect on our business, results of operations and financial condition.

Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost of construction materials or cost of labour, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We estimate the relevant total development costs which comprise, among other things, land premium, construction and other development costs, capitalised borrowing costs, etc. at the beginning of a property development project. We have also developed operating procedures to monitor the progress of development works to ensure minimal deviation from the pre-approved budgets. However, our total development costs are subject to numerous factors which may be beyond our control. For example, construction material costs have experienced periods of fluctuations during the Track Record Period. We procure construction materials through our external contractors or by ourselves. If the price of construction materials increases beyond the agreed pre-determined percentage, we may be required to reimburse our contractors for any shortfall. If there is a material increase in the costs of construction materials and we cannot pass such increase to our customers, our business, financial conditions and results of operations may be materially and adversely affected.

Our construction costs have also been affected by rising labour costs in the PRC in recent years, and we expect labour costs in the PRC to continue to increase in the future. Furthermore, the PRC property market is significantly affected by the policy and regulatory measures introduced by the PRC Government from time to time which may affect various aspects of our property development operations, including but not limited to our cost of financing as well as the schedule of development of our property projects, which in turn may result in deviation from our initial estimated development costs.

If the actual development costs of our projects deviate materially from our initial estimation, our business, results of operations and financial condition may be materially and adversely affected.

Our success is dependent on the continuing service of members of our senior management, and if we lose the services of any of these key executives and cannot replace them in a timely manner, our business may be materially and adversely affected.

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of members of our senior management. If we lose the services of any of our key executives and cannot replace them in a timely manner, our business may be materially and adversely affected.

During the Track Record Period, we relied on Mr. Wong, our controlling shareholder who was an executive Director and chairman of our Company, for the strategic planning and overall management of our Group's business. We also benefited from Mr. Wong's extensive business network and experience during the Track Record Period. As a result of the case of Lin Changyuan (林昌源) referred to in the section headed "Our Controlling Shareholders — Our controlling shareholder as a witness in a trial" in this prospectus, the Listing Committee considered that he is not suitable to act as a Director and Mr. Wong has resigned as a Director of our Company. As a result, Mr. Wong's departure may have a material adverse effect on our business, results of operations and financial condition.

In addition, our success depends on our ability to attract and retain talented personnel. We may not be able to successfully attract, assimilate or retain all the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. Our failure to attract and retain competent personnel and any increase in staffing costs to retain such personnel could have a negative effect on our ability to maintain our competitive position and to grow our business, and our business, results of operations and financial condition may be materially and adversely affected as a result.

We may not have adequate insurance coverage to cover our potential liability or losses and as a result our business, results of operations and financial condition may be materially and adversely affected.

We face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, in line with general industry practice in the PRC, we do not maintain insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group. Please refer to the section headed "Business — Insurance" in this prospectus for further information. The occurrence of any of these events may result in an interruption of our operations and subject us to significant losses or liabilities. In addition, there are certain losses for which insurance is not available on commercially reasonable terms, such as losses suffered due to earthquake, war, civil unrest and certain other events of force majeure. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our business, results of operations and financial condition may be materially and adversely affected.

We may be involved in disputes, legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development and sales of our properties, including contractors, suppliers, construction workers and purchasers. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may have disagreements with regulatory bodies in the ordinary course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in significant liabilities and cause delays to our property developments. We cannot assure you that we will not be so involved in any major legal or other proceedings in the future.

We face uncertainty with respect to indirect transfers of equity interests in PRC subsidiaries through their non-PRC holding companies.

Pursuant to the Circular on Strengthening the Administration of Enterprise Income Tax on Incomes from Equity Transfers of Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("**Circular 698**") issued by the PRC State Administration of Tax on 10 December 2009 with retroactive effect from 1 January 2008, and Public Notice (2011) No.24 (國家稅務總局公告2011年第24號) issued by the PRC State Administration of Tax, where a non-resident enterprise transfers its equity interests in a PRC resident enterprise indirectly through disposal of its equity interests in an overseas holding company (the "**Indirect Transfer**"), and (i) the actual tax imposed on the capital gain from the Indirect Transfer is lower than 12.5%, or (ii) the jurisdiction in which the overseas holding company is established does not levy tax on foreign-sourced capital gain income, the foreign investor is required to report the Indirect Transfer to the competent tax authorities of the PRC resident enterprise. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purposes and if it was established for tax avoidance purposes. As a result, gains derived from the Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10% and the foreign investor may be subject to penalty for any late tax payment. However, there is still uncertainty as to the application of the Circular 698. We cannot assure you that certain acquisitions pursuant to the Reorganisation will not be regarded as Indirect Transfer. If we are subject to Circular 698, our business, results of operations and financial condition may be materially and adversely affected.

The interests of our controlling shareholders may not always coincide with the best interests of our Company and our other Shareholders, and we cannot assure you that our controlling shareholders will vote on Shareholders' resolutions in a way that will benefit our other Shareholders.

Immediately after completion of the Global Offering, our controlling shareholders, Mr. Wong and Huang Ruoqing, will, in aggregate, beneficially own 75% of our issued share capital (assuming the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised). Accordingly, our controlling shareholders, through their voting power at Shareholders' meetings and their delegates on our Board, will be in a position to exert significant influence over our management and corporate policies, including our development strategies, capital expenditure and distribution plans. In addition, our controlling shareholders may cause us to implement corporate transactions which might not be in, or may conflict with, our other Shareholders' best interests. In particular, our controlling shareholders are able to:

- subject to applicable laws and regulations, cause our Board to act in a manner that may not be in the best interests of our other Shareholders;
- subject to the provisions of our Articles of Association, cause us to adopt amendments to our Articles of Association, including amendments; that are not in the best interests of our other Shareholders; or
- otherwise determine the outcome of most corporate actions, including the enforcement of indemnities against our controlling shareholders and, subject to the applicable requirements of the Stock Exchange, cause us to effect corporate transactions without the approval of our other Shareholders.

We cannot assure you that our controlling shareholders will vote on Shareholders' resolutions in a way that will benefit our other Shareholders.

We are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

Certain of our banking facilities are subject to a number of material, customary affirmative and/or negative covenants. For example, certain of our subsidiaries are restricted from carrying out merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities taken out by certain of our operating subsidiaries also contain cross default conditions which deem a breach of default conditions under relevant financing facilities by the related companies of such operating subsidiaries and their guarantor(s) to be a default by such operating subsidiaries of the banking facilities. If any cross default occurs, these banks are entitled to accelerate payment of all or any part of the indebtedness owing under the relevant loan agreements and to enforce all or any of the security for such indebtedness. If we fail to comply with any of those covenants or repay these loans in part or in full at their respective maturity dates, there may be a material adverse effect on our business, results of operations and financial condition, as well as cash flow and cash that is available for distributions to our Shareholders.

We engage in resettlement operations that involve the resettlement of existing residents and the resettlement process may be delayed or not be completed as planned, and as a result our land acquisition and development process may be materially and adversely affected.

We undertook or may undertake resettlement operations whereby either we or the original land use rights owner are responsible for resettlement operations including compensation and resettlement of affected local residents, demolition of existing structures and clearing of land of the relevant areas.

We are often required to repay certain amounts to the local government authorities before commencement of such resettlement operations. In cases where resettlement of local residents is involved, we may be required to compensate the affected local residents in accordance with applicable laws and regulations. Any disputes with affected local residents as to the related compensation or refusals of dissenting residents for relocation may increase our resettlements costs, delay the resettlement process and the subsequent land acquisition and development process, which may in turn have a material adverse effect on our business, results of operation and financial condition.

As at the Latest Practicable Date, we were involved in ongoing resettlement operations. In respect of our ongoing resettlement operation in Yantai, we had paid site clearing fees in the amount of RMB40.0 million under our current arrangements with the relevant governmental authority. The local governmental authority is responsible for entering into resettlement agreements with affected local residents and clearing the relevant land so that it becomes ready for subsequent public tender, listing-for-sale or auction. Site clearing fees shall be returned to us upon full payment of the land grant premium by the successful bidder of the land at the subsequent public tender, listing-for-sale or auction. In respect of our property development project in Shenzhen, we were required under the relevant land grant contract to construct resettlement housing, which shall be repurchased by the relevant local governmental authority pursuant to a resettlement housing repurchase agreement expected to be signed in February or March 2014. In addition, during the Track Record Period, we had completed all land resettlement operations with respect to two projects. Please refer to the section "Business — Resettlement Operations" in the prospectus for further details on the projects.

There is no assurance that we can successfully obtain land use rights at the subsequent public tender, listing-for-sale or auction with respect to the land for which we have engaged in resettlement operations. There is also no assurance that our prepayments will be returned to us in a timely manner if we fail to obtain land use rights at the subsequent public tender, listing-for-sale and auction. If we cannot acquire land use rights for future property development projects, there may be a material adverse effect on our business, results of operations and financial condition.

The validity regarding the transfer of the right to use civil air defense projects is uncertain and we may be required to refund the consideration of such transfer to our customers and subject to adverse legal consequences.

During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense projects as car parks (the "**Designated Car Parks**") to our customers. Our revenue recognised from such transfer in 2010, 2011 and 2012 and the nine months ended 30 September 2013 was RMB8.4 million, RMB9.5 million, RMB8.5 million and RMB28.4 million, respectively, representing 0.5%, 0.7%, 0.5% and 1.3% of our total revenue for the respective periods. We are advised by our PRC Legal Adviser that the legal position regarding property ownership in respect of civil air defense projects is uncertain under the prevailing PRC laws and regulations, including the Civil Air Defense Law and the Property Law of the People's Republic of China. According to our PRC Legal Adviser, there is no express prohibition against the transfer of the right to use civil air defense projects under PRC laws and regulations. However, the interpretation and enforcement of the relevant PRC laws and regulations by different local governmental authorities and courts vary on a case-by-case basis. During the Track Record Period, we had internal guidelines requiring our staff to notify our customers of the restrictions in connection with the use of the Designated Car Parks, and such restrictions are also expressly set out in some of the contracts entered into between us and our customers for the transfer of the right to use the Designated Car Parks. However, there is no assurance that all of our staff had fully complied with our internal guidelines. Based on the above, we are advised by our PRC Legal Adviser that the outcome of any disputes arising from contracts of such transfer of the right to use the Designated Car Parks is uncertain. Should it be adjudicated that our contracts of transfer of the right to use the Designated Car Parks are invalid and unenforceable, we may be required to retrieve the right to use the Designated Car Parks from our customers and refund the consideration to our customers and our customers may be required to pay fees for the period of use of such car parks to us.

In addition, under the Civil Air Defense Law, while an investor in civil air defense projects can use (including lease) and manage civil air defense projects in times of peace and profit therefrom, such use shall not impair their functions as civil air defense projects. The design, construction and quality of the civil air defense projects must also conform to the protection and quality standards established by the PRC Government. If our customers fail to maintain the Designated Car Parks in accordance with the applicable laws and regulations, due to the uncertainty regarding the transfer of the right to use the Designated Car Parks, should it be adjudicated that the right to use the Designated Car Parks remains with us notwithstanding such contracts of transfer, we may be subject to adverse legal consequences.

In the event that the PRC Government declares a state of war, the PRC Government may take over civil air defense projects as civil air defense shelters. If our customers fail to deliver the Designated Car Parks when required by the PRC Government in such times of war, due to the uncertainty regarding the transfer of the right to use the Designated Car Parks, should it be adjudicated that the right to use the Designated Car Parks remains with us notwithstanding such contracts of transfer, we may be subject to sanctions imposed by the PRC Government.

If any of the above happens, our business, results of operations and financial condition may be materially and adversely affected.

Investment in real properties is relatively illiquid, and we may not be able to sell such investment properties at prices or on terms satisfactory to us, or at all.

We intend to increase the proportion of commercial property projects while strategically retaining high quality commercial properties as investment properties for generating rental income. In general, investment in real properties is relatively illiquid compared with other forms of investment. We may need to dispose of certain investment properties in the event of changing economic, financial and investment conditions. However, we cannot assure you that we will be able to sell such investment properties at prices or on terms satisfactory to us, or at all.

We may be subject to potential liability for environmental problems, which may result in losses.

We are subject to a variety of laws and regulations concerning the protection of the environment. The applicable environmental laws and regulations may vary significantly depending on the location, environmental condition and present and former uses of the site. Project development activities can be severely restricted or prohibited in environmentally sensitive regions or areas. Compliance with health and environmental laws and conditions may result in delays or cause us to incur substantial compliance and other costs. Please refer to the sections headed "Business — Health, work safety, social and environmental matters — Environmental Matters" in this prospectus for details.

As required by PRC laws, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to the relevant government authorities for approval before commencement of development. It is possible that the environmental impact assessment conducted may not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. If any portion of the project is found to be non-compliant with relevant environmental standards, we may be subject to suspension of our operations of such project as well as fines and penalties.

We cannot assure you as to whether and when we will pay dividends in the future.

No dividends have been paid or declared by our Group during the Track Record Period. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, and the amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. Please refer to the section headed "Financial Information — Dividends" in this prospectus for further details.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business and harm our results of operations and financial condition.

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment and acquisition criteria, to obtain financing on favourable terms and, where relevant, to obtain the required regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to:

- the difficulty of integrating the operations and personnel of the acquired business;
- the potential disruption to our ongoing business and the distraction of our management;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of integration of new management and personnel;
- unrevealed potential liabilities associated with acquired businesses;

- higher than planned requirements to preserve and grow the value of acquired businesses or assets; and

- adverse effects on our results of operations due to the amortisation of and potential impairment provision for goodwill or other intangible assets associated with acquisitions, and losses sustained by acquired businesses after the date of acquisitions.

We may not be able to make acquisitions or investments on favourable terms or within a desired time frame. Even if we were able to make acquisitions or investments successfully as desired, we cannot assure you that we will achieve an intended level of return on such acquisitions or investments. In addition, we may require additional equity financing in order to make such acquisitions and investments. If obtained, any such additional equity financing may result in dilution to the holdings of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

The appraisal values of our properties may be different from the actual realisable values and are subject to variation, and if the actual realisable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operations and financial condition.

The appraised value of our properties as set out in the property valuation report prepared by the Property Valuer as set out in Appendix IV to this prospectus is based on various assumptions that include elements of subjectivity and uncertainty such as their relative market position, financial and competitive strengths, locations and physical conditions. Accordingly, the appraised value of our properties may differ materially from the price we could receive in an actual sale of the properties in the market, and should not be taken as their actual realisable value or a forecast of their realisable value.

The appraised value of our property development projects and our land reserves are based on a number of assumptions, which, among others, include the following:

- unless otherwise stated, we have paid all land grant premiums and obtained all land use rights certificates and transferrable land use rights;

- we will develop and complete the projects in accordance with the latest development proposals provided to the Property Valuer and set out in the property valuation report as set out in Appendix IV to this prospectus; and

- we have obtained all consents, approvals and licenses from relevant government authorities for the development proposals without onerous conditions or delays.

If any of the assumptions used by the Property Valuer in reaching the appraised value of our properties proves to be inaccurate, the appraised value of our property projects may be materially affected. Unforeseeable changes to the development of our property projects, or national and regional economic conditions, may also affect the value of our properties. If the actual realisable value of our properties is substantially lower than their appraised value, it may have a material adverse effect on our business, results of operations and financial condition.

We may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations.

During the Track Record Period, we commenced construction works before obtaining the required construction works commencement permit and was considered to have commenced pre-sales activities before obtaining the required pre-sale permit for one of our property development projects, namely Royal City in Xianyang. We failed to make capital contributions towards the registered capital of Redco (China) and Yantai Redco Development within the period stipulated in the relevant joint venture contract or approval documents. Certain members of our Group have failed to lay their profit and loss accounts and balance sheets at their respective annual general meeting and/or lay their accounts made up to date not more than nine months before the annual general meeting in accordance with requirements under the Companies Ordinance.

For these and our other historical non-compliance incidents, please refer to the section headed "Business — Legal proceedings, compliance and internal control — Compliance with relevant laws and requirements — Historical non-compliance incidents" in this prospectus for further details. For risks associated with our failure to comply with the terms of the land grant contracts or listing-for-sale confirmation letters, please refer to the section headed "— Risks relating to our business — The PRC Government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts or listing-for-sale confirmation letters, and we may not be able to obtain land use rights certificates with respect to certain parcels of land" in this prospectus. For risks associated with our failure to comply with SAFE registration requirements, please refer to the section headed "— Risks relating to conducting business in the PRC — Failure to comply with SAFE regulations relating to the establishment of special purpose vehicles by our beneficial owners may materially and adversely affect our business operations" in this prospectus. Although we have put in effect internal control measures to prevent occurrence of similar incidents in the future, there is no assurance that our Group will not have any non-compliance incidents in the future. In the event that we breach any applicable laws, rules or regulations in the future, we may be subject to fines or penalties arising from such non-compliance incidents, which may have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO OUR INDUSTRY

We may not have adequate financing, whether through bank loans or other arrangements, to fund our property developments, and such capital resources may not be available on commercially reasonable terms, or at all.

Property development is capital intensive. We finance our property development projects primarily through proceeds from sales of properties and bank borrowings. We may also access the capital markets to raise further financing. Our ability to obtain external financing in the future is subject to a variety of uncertainties, many of which are beyond our control, including:

- the condition of the international and domestic financial markets and financing availability;
- obtaining the necessary PRC Government approvals to raise financing in the domestic or international markets;

- our future financial condition, results of operations and cash flow;
- general economic conditions in the PRC;
- performance and outlook of the property development industry in the PRC;
- changes in the monetary policy of the PRC Government with respect to bank interest rates, lending practices and conditions; and
- changes in policies regarding regulation and control of the property market.

We cannot assure you that we will be able to meet our sales targets or that banks or other lenders will grant us sufficient financings in the future as we expect. Accordingly, we may not be able to raise enough funds for our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

There are certain PRC laws and regulations which govern financing policies on PRC financial institutions for the property development sector and tighten the criteria for banks to provide loans to property development enterprises and limit the accessibility of bank financing to our development projects. Please refer to the section headed "PRC Regulatory Overview" in this prospectus.

The PRC Government may further tighten financing policies on PRC financial institutions for the property development sector. These property-related financing policies may limit our ability and flexibility to use bank borrowings to finance our property projects and therefore may require us to maintain a relatively high level of internally generated cash.

We cannot assure you that the PRC government will not introduce other initiatives, which may further limit our access to capital and the ways we finance our property development projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all. If we fail to secure adequate financing or renew our existing loans prior to their expiry as a result of these governmental actions and policy initiatives, there may be a material adverse effect on our business, results of operations and financial condition. In addition, future capital raised through issuance of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

Our operations are subject to extensive governmental regulations and the frequent introduction of new regulations, and we may be affected by further measures promulgated by the PRC Government to slow down the growth of the property sector.

Our business of developing and selling residential premises is extensively regulated in the PRC. We are required to comply with various PRC laws and regulations, as well as policies and procedures prescribed by local authorities to implement such laws and regulations.

Over the past few years, the PRC Government has introduced a number of policies to control the growth and curtail the overheating of, and the foreign investment in, the PRC property sector. Please refer to the section headed "PRC Regulatory Overview" in this prospectus for further details.

The PRC Government's measures and policies could restrict our ability to obtain financing and increase our operating costs, as well as limit our potential customers' ability to purchase our properties. Measures and policies adopted by the PRC Government to restrict the ability of purchasers to obtain mortgages, to resell their properties or to increase the cost of mortgage financing may reduce market demand for our properties and therefore have a material adverse effect on our business, results of operations and financial condition. The PRC Government may adopt further measures in the future which may further reduce market demand and slow down the growth of the property industry. These measures may have a material adverse effect on our business, results of operations and financial condition.

Changes in PRC laws and regulations with respect to pre-sale may have a material adverse effect on our business performance.

We depend on cash flows from the pre-sale of properties as an important source of funding for our property development. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their development. We cannot assure you that the PRC Government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project development, which may not be available on commercially reasonable terms, or at all.

The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations which could have a material adverse effect on our results of operations.

In accordance with PRC regulations on LAT, all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property. In 2010, 2011 and 2012 and the nine months ended 30 September 2013, we incurred LAT of RMB68.7 million, RMB21.9 million, RMB57.8 million and RMB120.2 million, respectively. Pursuant to a circular issued by the State Administration of Taxation, effective 1 February 2007, LAT obligations must be settled with the relevant tax bureaus within a specified time frame after the completion of a property development project. Please refer to the section headed "PRC Regulatory Overview — Major taxes applicable to property developers" in this prospectus for a detailed description of PRC regulations on LAT.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned amongst such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. If we substantially underestimated LAT for a particular period, a payment of the actual LAT assessed and levied on us by the tax authorities could have a material adverse effect on our results of operations for a subsequent period.

The terms on which mortgage loans are available, if at all, may affect our sales.

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers' affordability of properties. In addition, the PRC Government and commercial banks may increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

Furthermore, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income. Please refer to the section headed "PRC Regulatory Overview" in this prospectus for further information relating to the down payment requirements under current PRC laws and regulations. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

Intensified competition may materially and adversely affect our business, results of operations and financial condition.

Competition within the PRC real estate industry is intense. Domestic and overseas property developers have also entered the property development markets in cities where we have operations. Many of them may have more financial, marketing, technical or other resources than us. Competition among property developers may cause an increase in land premium and raw material costs, shortages in quality construction contractors, surplus in property supply leading to decreasing property prices, further delays in issuance of governmental approvals, and higher costs to attract or retain skilled employees. If we fail to compete effectively, our business, results of operations and financial condition materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Most of our assets and operations are in the PRC, and substantially all of our revenue is derived from our operations in the PRC. Accordingly, our future business, results of operations, financial condition and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC, including the following risks:

Political and economic policies of the PRC government may affect our business and results of operations and may result in our inability to sustain our growth and expansion strategies.

The PRC economy has largely been a centrally planned economy, which differs from other developed economies of the world in many respects, including:

- its structure;
- the level of governmental involvement;
- the level of development;
- growth rate;
- the control of foreign exchange; and
- the allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market oriented economy. The PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies.

We cannot, however, predict whether changes in the political, economic and social conditions and policies in the PRC, or in the relevant laws and regulations, will have any material adverse effect on our current or future business, results of operations, financial condition and prospects.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. The PRC Government has recently articulated the need to control economic growth, and to limit inflation. The PRC Government implemented a series of macro-economic policies which included raising the benchmark interest rates, increasing the PBOC statutory deposit reserve ratio and imposing commercial bank lending guidelines that had the effect of restricting loans to certain industries. Certain of these macro-economic policies and stricter lending policies in the PRC may have a material adverse effect on our results of operations, financial condition and our ability to obtain financing, thus reducing our ability to implement our expansion strategies. We cannot assure you that the PRC Government will not implement any additional measures to tighten lending, or that, if any such measure is implemented, it will not have a material adverse effect on our future results of operations or profitability. Furthermore, we cannot assure you that our historical economic and market conditions will continue, or that we will be able to sustain our growth.

A slowdown of the PRC economy may slow down our growth and may affect our business.

The PRC economy has recorded one of the world's fastest growth rates in terms of GDP. However, we cannot assure you that such growth will sustain and continue in the future. In addition, a slowdown in the economies of the United States, the European Union and certain Asian nations with which the PRC has important trade relationships or any future calamities may materially and adversely affect the economic growth of the PRC. If the PRC economy experiences a significant downturn, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Rapid economic growth can lead to growth in money supply and inflation. If prices of our properties rise at a rate that is insufficient to compensate for the rise in our costs, our business, financial condition and operating results may be materially and adversely affected. To control inflation in the past, the PRC Government has imposed control on bank credits, limits on loans for fixed assets and restrictions on State bank lending. Such an austerity measure can lead to a slowdown in the economic growth and may materially and adversely affect our business, results of operation and financial condition.

The global financial markets have experienced significant deterioration and volatility, which have negatively affected the global economy. Any further downturn may adversely affect our results of operations and financial condition.

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. Since 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which we may be affected, these developments may continue to present risks to our business operations for an extended period of time, including increase in interest expenses on our bank borrowings, or reduction in the amount of banking facilities currently available to us. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms.

Should there be a further economic downturn or credit crisis for any reason, our ability to borrow funds from current or other funding sources may be further limited, causing our continued access to funds to become more expensive, which would adversely affect our business, liquidity, financial condition, results of operations, and most importantly, our property development projects. As such, we cannot assure you that our business operations will not suffer further adverse effects caused by the previous or future credit crisis in the near future.

The PRC legal system is less developed than legal systems in certain other jurisdictions and embodies inherent uncertainties that could limit the legal protection available to us and to our Shareholders.

Our operations are conducted in the PRC. The PRC legal system is based on written statutes and thus prior court decisions can only be cited as reference and have limited use as precedents. Since the late 1970s, the PRC Government has been developing a comprehensive system of laws, regulations and rules in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade.

However, given that these laws, regulations and rules have not been fully developed, limited volumes of published cases are available and the cases are non-binding in nature, there is some degree of uncertainty in the interpretation and enforcement of these laws, regulations and rules, which in turn creates uncertainty as to the outcome of any legal action that may be taken against us in the PRC. The interpretation of statutes, regulations and rules may also be subject to government policies which can change to reflect domestic political factors.

We cannot assure you that you will have the same protection afforded to a minority shareholder by companies incorporated under the laws of the United States, certain member states of the European Union or Hong Kong.

In addition, the PRC legal system is based, in part, on governmental policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. We may also be deemed to have violated certain policies or rules for the actions of our counterparties in various transactions even if we are not aware of whether our counterparties are acting in compliance with applicable PRC laws and regulations. Accordingly, we may not be aware of any actual or deemed violations of such policies and rules until some time after such violations have taken place. Furthermore, any litigation we undertake in the PRC, regardless of its outcome, may be protracted and result in substantial costs to us and diversion of both our resources and management attention.

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business and results of operations and our ability to remit dividends.

Our revenue and expenditure are denominated in Renminbi, which is currently not a freely convertible currency. We do not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge our currency risk. We import certain materials for the production of some of our products. In addition, we will require foreign currencies for dividend payment (if any) to our Shareholders. As a result, we are exposed to foreign currency fluctuations.

In the PRC, since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC. The PRC Government has, with effect from 21 July 2005, reformed the exchange rate regime by permitting Renminbi to fluctuate within a narrow and managed band based on market supply and demand with reference to a basket of currencies. On 21 July 2005, this revaluation resulted in Renminbi appreciating against the U.S. dollar and Hong Kong dollar by approximately 2%. The PRC Government has since made further adjustments to the exchange rate system. Any appreciation of Renminbi may result in the decrease in the value of foreign currency-denominated assets. Conversely, any depreciation of Renminbi may adversely affect our business, results of operations and financial condition, and the value of, and any dividends payable on, our Shares in foreign currency terms.

Capital account transactions in foreign currencies are subject to significant exchange controls and generally require the approval of PRC Government authorities, including SAFE. Under the existing PRC foreign exchange regulations, following the completion of the Global Offering, by complying with certain procedural requirements, we will be able to pay dividends (if any) in foreign currencies without prior approval from SAFE. However, in the future, the PRC Government may, at its discretion, take measures to restrict access to foreign currencies for current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to our Shareholders.

Our Company is a holding company that relies on dividend payments from our subsidiaries for funding.

We are a holding company incorporated in the Cayman Islands and operate our core business primarily through our subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders and to service our indebtedness depends on dividends received from these subsidiaries. If our subsidiaries incur any debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends or other distributions and to service our indebtedness will be restricted.

PRC laws require that dividends be paid only out of the net profit calculated according to PRC GAAP, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested PRC enterprises and PRC incorporated companies, such as our PRC subsidiaries, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future, if any, may also restrict the ability of our PRC subsidiaries to make distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may affect our ability to pay dividends to our Shareholders and to service our indebtedness.

PRC regulations relating to acquisition of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects.

The M&A Provisions provide rules with which foreign investors must comply should they seek to (i) purchase the equities of a domestic non-foreign-invested enterprise, or subscribe to the increased capital of a domestic non-foreign-invested enterprise, and thus change the domestic non-foreign-invested enterprise into a foreign-invested enterprise, or (ii) set up a foreign-invested enterprise to acquire assets from a domestic enterprise and operate these assets, or acquire assets from a domestic enterprise and set up a foreign-invested enterprise by contribution of the acquired assets. The M&A Provisions stipulate that the business scope upon acquisition of a domestic enterprise must conform to the Catalogue for the Guidance of Foreign Investment Industries (2011 version) (《外商投資產業指導目錄》(2011年修訂)) promulgated by the NDRC and MOFCOM. The M&A Provisions also provide for the takeovers procedures for equity interests in domestic enterprises.

There are uncertainties as to how the M&A Provisions will be interpreted or implemented. If we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement our acquisition strategies and may have a material adverse effect on our business, results of operations and financial condition results.

Failure to comply with SAFE regulations relating to the establishment of special purpose vehicles by our beneficial owners may materially and adversely affect our business operations.

On 21 October 2005, SAFE issued Circular No. 75 which became effective on 1 November 2005. The notice requires PRC residents to register with the local SAFE branch or amend the registration in the following circumstances: (a) before establishing or controlling any company (referred to in the notice as a "special purpose vehicles") outside the PRC for the purpose of equity financing; (b) when contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or engaging in equity financing overseas after such contributions; and (c) after any major change in the share capital of the special purpose vehicles without any return investment being made.

One of our beneficial owners, who is also our President and executive Director, Huang Ruoqing, is a PRC resident and is required to register with SAFE. During the Track Record Period, Redco (Tianjin) failed to disclose the particulars of its ultimate shareholder correctly and was imposed a penalty of RMB50,000.0 by the SAFE Tianjin branch. Please refer to the section headed "Business — Legal proceedings, compliance and internal control — Compliance with relevant laws and requirements — Historical non-compliance incidents" in this prospectus for further details. As at the Latest Practicable Date, Huang Ruoqing has registered with SAFE in respect of his overseas investment in our Group before the completion of the Reorganisation. Going forward, Huang Ruoqing is required to comply with further foreign exchange registration requirements in all material respects in connection with our investments and financing activities. If Huang Ruoqing fails to comply with the relevant SAFE requirements, such failure may subject Huang Ruoqing to fines and legal sanctions and may also materially and adversely affect our business operations.

Our transfer of funds into the PRC to finance our development projects is subject to approval by the PRC Government and, as a result, the use of our net proceeds from the Global Offering as disclosed in this prospectus may be delayed.

The PRC Government has implement a series of rules and measures to control the inflow of foreign funds into the property development industry or for property speculation. The transfer of our net proceeds from the Global Offering into the PRC is subject to such PRC government control measures.

On 28 April 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (《外債登記管理辦法》)(“**Notice No. 19**”). It restricts the ability of foreign-invested property development companies to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, in most circumstances such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new foreign-invested property development companies. On 18 June 2008, MOFCOM issued the Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (商務部關於做好外商投資房地產業備案工作的通知), pursuant to which MOFCOM has delegated the task of verifying filing documents to its provincial agencies. On 23 May 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry 《關於進一步加強、規範外商直接投資房地產 業審批和監管的通知》(“**Circular 50**”), which provides that, among things, existing foreign-invested enterprises need to obtain approval before expanding their business operations into the real estate sector and existing foreign-invested property developers and enterprises need to obtain new approval in case they wish to expand their existing real estate business operations.

Pursuant to the above notices, we are required to register and apply for approvals from relevant PRC governmental authorities if we plan to expand the scope of our business or the scale of our operations, engage in new real estate project developments or operations or increase the registered capital of our subsidiaries or associated project companies in the PRC in the future. Our net proceeds from the Global Offering will primarily be used to establish new foreign-invested PRC subsidiaries or to increase the registered capital of our existing foreign-invested PRC subsidiaries. As advised by our PRC Legal Adviser, the injection of funds by any of such means is subject to the registration and approval requirements as mentioned above. As a result, we must register and apply for approval with the relevant PRC governmental authorities, and wait till the requested approvals are completed before we may transfer the proceeds from the Global Offering into the PRC for the intended uses in the PRC as set out in the section headed “Future Plans and Use of Proceeds” of this prospectus.

In addition, any capital contributions or loans that we, as an offshore company, make to our PRC operating subsidiaries, including from the proceeds of the Global Offering, are subject to other foreign investment regulations in the PRC. For example, any of our loans to our PRC subsidiaries cannot exceed the difference between the total investment amount that our PRC subsidiaries are approved to make under the relevant PRC laws and regulations, and their respective registered capital, and must be registered with or approved by the local branches of SAFE as a procedural matter.

As at the Latest Practicable Date, each of Redco (China), Jiangxi Chongde and Shandong Redco has attempted to complete the filing requirements in respect of foreign direct investment in the real estate industry with the relevant MOFCOM local branches. However, the relevant MOFCOM local branches held the opinion that Redco (China), Jiangxi Chongde and Shandong Redco are not required to make the relevant filing, and thus did not accept the filing applications from Redco (China), Jiangxi Chongde and Shandong Redco.

We cannot assure you that MOFCOM will share the same opinion with the relevant MOFCOM local branches and agree that Redco (China), Jiangxi Chongde and Shandong Redco are not required to complete the filing requirements under Circular 50. There is also no assurance that we will be able to obtain governmental registrations or approvals for our other PRC operating subsidiaries on a timely basis, if at all, with respect to our future loans or capital contributions to our PRC subsidiaries or any of their respective subsidiaries. If MOFCOM holds the view that Redco (China), Jiangxi Chongde and Shandong Redco are required to but failed to complete the relevant filing requirements, or if we fail to receive registration or approvals in respect of our PRC subsidiaries or any of their respective subsidiaries, we may have difficulty to apply for the settlement of foreign currency under capital account, including but not limited to increasing registered capital through overseas funds for financing our property development projects in the PRC, which in turn may have a material adverse effect on our business, results of operations and financial condition.

Furthermore, if the PRC Government issues further policies or regulations to regulate or restrict overseas investment in the PRC property industry and such policies or regulations are applicable to our business and operations, we may not be able to secure new projects and there may be a material adverse effect on our business, results of operations and financial condition.

Change of tax law may subject us to higher income tax rate and dividends payable by our Company to our foreign investors and gain on the sale of our Shares could become subject to withholding taxes under the PRC tax laws.

Under the new EIT Law and its implementation rules issued on 6 December 2007 effective 1 January 2008, the enterprise income tax for both domestic and foreign-invested enterprises was unified at 25% from 1 January 2008.

In addition, under the EIT Law, enterprises organised under the laws of jurisdictions outside the PRC with their de facto management bodies located in the PRC may be considered PRC resident enterprises and therefore subject to EIT at the rate of 25% on their worldwide income. Under the implementation of the EIT Law, the term “de facto management bodies” means the organisations that actually and comprehensively manage and control the production and operation, staff, account, properties and other aspects of the organisations. As most of our management are located in the PRC after the effective date of the EIT Law, we may be considered a PRC resident enterprise and therefore subject to EIT at the rate of 25% on our worldwide income and dividends or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. According to the implementation rules of the EIT Law, “dividends, bonuses and other equity investment gains generated between qualified resident enterprises” as referred to in the EIT are the returns of investment made directly by one resident enterprise in another resident enterprise. The income from such equity investments such as dividends and bonuses shall not include the investment yield acquired by continuously holding the listed common shares of the resident enterprise for less than 12 months.

Although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear whether dividend payments by our PRC operating subsidiaries would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose.

Under the EIT Law and its implementation regulations, PRC income tax at a rate of 10% is applicable to dividends payable to investors that are "non-PRC resident enterprises" (and which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business, i.e., the PRC) to the extent such dividends are sourced within the PRC. Under the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避 免雙重徵稅和防止偷漏稅的安排) signed on 21 August 2006, such dividend withholding tax rate isreduced to no more than 5% for dividends paid by a PRC company to a Hong Kong resident enterprise if such Hong Kong entity directly owns at least 25% of the equity interest of the PRC company. As such, dividends paid to us by our PRC subsidiaries through our Hong Kong subsidiaries may be subject to a reduced withholding tax at a rate of 5% under this arrangement, provided that our Hong Kong subsidiaries are deemed as "beneficial owners" of such income, and provided further that neither our company nor our Hong Kong subsidiaries are deemed to be PRC tax resident enterprises. However, pursuant to the Notice on Interpretation and Determination of "beneficial owner" under tax treaties (關於如何理解和認定稅收協定中"受益所有人"的通知) issued by SAT in October 2009 ("**Circular 601**"), "beneficial owner" should carry out substantial business activities and own or have control over the income, rights or assets which give rise to such income. Specifically, agents and conduit companies will not be regarded as the "beneficial owner" of such income. If our Hong Kong subsidiaries are not deemed beneficial owners under Circular 601, they may not be able to enjoy the 5% preferential tax treatment and as a result the dividends distributed by our PRC subsidiaries through these Hong Kong subsidiaries will be adversely affected. Circular 601 further lists several factors that would be more unlikely for relevant authorities to identify a company to be a beneficial owner of certain specific income, including (i) whether the company is obligated to pay or distribute all or a substantial part of its income to a third country resident in a prescribed time period, (ii) whether the company does not or barely engages in other operating activities other than holding the assets or interests from which the income is derived, (iii) whether the assets, business size and employees of the company are relatively limited and could not reasonably match the income, (iv) whether the company has no or little control over the assets or interests from which the income is derived and bears no or little risks, (v) whether certain income are non-taxable or exempted from tax in the other contracting country, or the tax rate is extremely low, if any, (vi) whether apart from the loan agreement under which the interest payment is provided, there is other loan or deposit agreements between the lender and a third party with similarity terms of amount, interest rate and execution date, and (vii) apart from the transfer agreement of copyright, patent or technology under which a license fee is provided, whether there are any other transfer agreements relating to the use right or ownership to the copyright, patent or technology between the company and the third party.

It may be difficult to effect service of process in connection with disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC.

Most of our management reside in the PRC and a significant portion of our assets and the assets of our management are located in the PRC. Accordingly, it may be difficult for you to effect service of process in connection with disputes brought in the courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC.

Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in the BVI, the Cayman Islands and most other western countries. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Acts of God, acts of war, epidemics and other disasters could affect our business.

Our business is subject to the general and social conditions in the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, results of operations and financial condition may be materially and adversely affected if these natural disasters occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods. The occurrence of an epidemic is beyond our control and there is no assurance that the outbreak of severe acute respiratory syndrome, avian flu or the human swine flu will not happen again. Any epidemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, results of operations and financial condition.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect our revenue, cost of sales, results of operations, financial condition or Share price. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

As there has been no prior public market for our Shares before the Listing, the liquidity and market price of our Shares following the Listing may be volatile.

Before the Listing, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters) and us, which may differ from the market prices of our Shares after the Listing. We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for our Shares following the Listing or in the future or, if it does develop, that it will be sustained after the Listing or that the market price of our Shares will not decline below the Offer Price. The market price, liquidity and trading volume of our Shares may be volatile and could result in substantial losses for investors purchasing the Offer Shares in the Global Offering.

Factors that may affect the volume and price at which our Shares will be traded include, among other things:

- variations in our revenue, earnings, cash flows;
- changes in our pricing policy as a result of the presence of competitors;

- changes in our senior management personnel;
- our new investments;
- investors' perception of us and our future business plans;
- changes in laws and regulations in the PRC; and
- general economic and other factors in the PRC.

We can give no assurance that these developments will not occur in the future.

A potential sale of Shares by our existing Shareholders could have a material adverse effect on our Share price.

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing could materially and adversely affect market prices of our Shares prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. Please refer to the section headed "Underwriting — Underwriting arrangements and expenses — Undertakings" in this prospectus for a description of some of the contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or the perception that these sales may occur, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

Our consolidated profit attributable to our Shareholders for the nine months ended 30 September 2013 may not give any indication of our full year financial results for 2013.

It should be noted that our operations, and consequently our net profits, are affected by a number of factors including, among other things, price volatility of our products and raw materials, economic growth in the PRC and globally, changes in the PRC Government control and policies, product mix, cost of electricity and other factors that are beyond our control. These factors could vary materially between the conditions in the first three quarters of 2013 and the fourth quarter of 2013.

Due to the factors described above, many of which are beyond our control, our consolidated profit attributable to our Shareholders for the nine months ended 30 September 2013 may not necessarily give any indication of, and should not be interpreted as a guidance of, our full year financial results for 2013.

You may experience difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions.

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statues and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law — Cayman Islands company law" in Appendix V to this prospectus for further information.

Certain facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and the property development industry in the PRC are derived from various government or official sources and may not be fully reliable.

Certain facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and the property development industry in the PRC are derived from various government, official or public publications. However, we cannot assure you that the quality or reliability of such source materials. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced and extracted from these sources, they have not been independently verified by us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates, advisers or any other parties involved in the Global Offering. We, therefore, make no representation as to the accuracy of these facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC.

Due to possible flawed, inadequate or ineffective collection methods or discrepancies between published information and market practice and other problems, the government or official statistics in this prospectus relating to the PRC, the PRC economy and the property development industry in the PRC may be inaccurate, or may not be comparable to statistics produced for other economies, and thus should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same bases or with the same degree of accuracy, as may be the case in other countries. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the Offer Shares.

The Offer Price will be determined on the Price Determination Date, which is expected to be 24 January 2014. However, the Offer Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on 30 January 2014. Investors may not be able to sell or otherwise deal in our Shares during this period. Accordingly, holders of our Shares are subject to the risk that the prices of our Shares could fall before trading begins and could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the Price Determination Date and the Listing Date.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Before the publication of this prospectus, there may be press and media coverage which contains certain information regarding the Global Offering and us that is not set out in this prospectus. We have not authorised the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our core business and operations are substantially based and conducted in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong. We have applied to the Stock Exchange for and the Stock Exchange had granted a waiver from compliance with Rule 8.12 of the Listing Rules. The following measures have been adopted by us:

(1) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. The two authorised representatives appointed are Mr. Huang Ruoqing, our executive Director and Mr. Chan Hing Chau, our company secretary. Each of Mr. Huang Ruoqing and Mr. Chan Hing Chau holds a valid Hong Kong identity card and is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on our behalf with the Stock Exchange.

(2) All our authorised representatives have means to contact all of our Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (a) each Director will have to provide his mobile telephone number, office telephone number, fax number and email address to the authorised representatives; (b) in the event that a Director expects to travel, he will endeavour to provide the telephone number of the place of his accommodation to the authorised representatives or maintain an open line of communication via his mobile telephone; and (c) all our Directors and authorised representatives will provide their respective mobile telephone numbers, office telephone numbers, fax numbers and email addresses to the Stock Exchange.

(3) We have appointed Celestial Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, which has access at all times to our authorised representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us.

(4) Meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or the compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorised representatives and/or the compliance adviser.

ACCOUNTS IN THIS PROSPECTUS

The accountant's report set out in Appendix I to this prospectus contains the consolidated results of our Group for the three financial years ended 31 December 2012 and the nine months ended 30 September 2013.

Section 342(1) of the Companies Ordinance requires all prospectuses to include an accountant's report which contains the matters specified in the Third Schedule to the Companies Ordinance. Paragraph 27 of Part I of the Third Schedule to the Companies Ordinance requires that we set out in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this prospectus. Paragraphs 31(1) and (3) of Part II of the Third Schedule to the Companies Ordinance require that we include in this prospectus a report by the auditors with respect to the financial results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the accountant's report to this prospectus.

Guidance Letter GL25-11 issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

(1) the applicant must list on the Stock Exchange within three months after the latest year end;

(2) the applicant must obtain a certificate of exemption from the SFC on compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance;

(3) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the prospectus or the applicant must provide justification why a profit estimate cannot be included in the prospectus; and

(4) there must be a directors' statement in the prospectus that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

Based on Guidance Letter HKEx-GL25-11, an application has been made to the SFC for the certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance and to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, respectively in relation to the inclusion of the accountant's report for the full financial year ended 31 December 2013 in this prospectus on the following grounds:

— the Directors consider that after performing sufficient due diligence work, there has been no material adverse change in the financial and trading positions or prospect of our Group since 30 September 2013 up to the date of issue of this prospectus and that there is no event which would materially affect the information contained in the accountant's report of our Group in this prospectus. Based on the due diligence work performed by the Sole Sponsor so far, nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of the Directors expressed above;

— in view of the reasons above, the Directors and the Sole Sponsor consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus;

— our Directors believe that the exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance and waiver from strict compliance with Rule 4.04 of the Listing Rules will not prejudice the interests of the investing public;

— our Company shall be listed on the Stock Exchange within a month after 31 December 2013, being the latest financial year end of our Company;

— if the financial information is required to be audited up to 31 December 2013, it would be unduly burdensome to our Company, as our Company and the reporting accountants would have to undertake a considerable amount of work to prepare, update and finalise the accountant's report to cover such additional period within a short period of time. It would not be possible for the audited results for the year ended 31 December 2013 to be finalised within less than one month after the year end. If the full year results for 2013 are to be included, there will be a significant delay in the listing timetable;

— this prospectus contains a statement from our Directors that there has been no material adverse change to the financial and trading positions or prospect of our Group since 30 September 2013 (being the date of which the latest audited consolidated financial statement of our Group were made up) and up to 31 December 2013; and

— our Company shall publish its annual results and annual report within the time prescribed under the Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively.

In accordance with Guidance Letter HKEx-GL25-11, an estimate of the consolidated profit of our Group for the year ended 31 December 2013 has been included in this prospectus. Investing public would thus be given some guidance as to our Company's financial performance for the year ended 31 December 2013.

A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance on the conditions that (i) the particulars of the exemption be set forth in this prospectus; and (ii) this prospectus be issued on or before 21 January 2014.

The Stock Exchange has granted us a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the condition that (i) this prospectus be issued by 28 February 2014 and the Listing shall commence by 31 March 2014; (ii) we have obtained a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance; (iii) the inclusion of a profit estimate for the year ended 31 December 2013 which complies with Rules 11.17 to 11.19 of the Listing Rules and a Directors' statement that there is no material adverse change to our financial and trading positions or prospect since 30 September 2013 up to the date of this prospectus.

Our Directors have confirmed that they have ensured that sufficient due diligence has been performed and that, save as disclosed in this prospectus, up to the date of this prospectus there has been no material adverse change in our financial or trading position since 30 September 2013 (being the date to which the latest consolidated financial statements of our Group were made up) and there has been no event since 30 September 2013 which would materially affect the information shown in the accountant's report of our Group (as set out in Appendix I to this prospectus). Based on the due diligence work performed by the Sole Sponsor so far, nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of the Directors expressed above.

CONNECTED TRANSACTION

Certain members of our Group have entered into transaction which would constitute non-exempted continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon Listing. Set out below is a summary of such continuing connected transaction ("**Continuing Connected Transaction**") which is expected to continue after the Listing:

Nature of transaction	Annual cap for the year ending 31 December		
	2013	2014	2015
	RMB	*RMB*	*RMB*
Property management services provided by Jiangxi Hengfeng Property Management Company Limited (江西恒豐行物業管理有限公司) to our Group	1,900,000	11,000,000	15,000,000

An application has been made to the Stock Exchange for a waiver from strict compliance with announcement requirements under Rule 14A.35 of the Listing Rules in respect of the Continuing Connected Transaction on the following grounds:

As (i) the Continuing Connected Transaction is expected to continue after the Listing; (ii) the details of the Continuing Connected Transaction will be disclosed in this prospectus for the information of potential investors; and (iii) the Directors confirmed that the Continuing Connected Transaction has been and will be entered into in the ordinary and usual course of our Company's business, on normal commercial terms that are fair and reasonable and in the interest of the Shareholders as a whole, the Directors consider that strict compliance with the announcement requirements under the Listing Rules would be unduly burdensome and would add unnecessary administration costs to our Company, which would not be beneficial to the Shareholders as a whole.

The Stock Exchange has granted us a waiver from strict compliance with announcement requirement under Rule 14A.42(3) of the Listing Rules in respect of the Continuing Connected Transaction, subject to the Sole Sponsor, the Directors, including the independent non-executive Directors, confirming in their views:

(i) that the Continuing Connected Transaction is on normal commercial terms, the ordinary and usual course of business, and that the proposed annual cap for the Continuing Connected Transaction is fair and reasonable and in the interests of the Shareholders as a whole; and

(ii) that apart from the announcement requirement of which the waiver is sought, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules, including the proposed annual caps.

For details, please refer to the section headed "Connected Transactions" of this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out in this prospectus and the Application Forms. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by us, the Joint Global Coordinators, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from the authorities.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint

Global Coordinators, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise or any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal registrar, Appleby Trust (Cayman) Ltd., in the Cayman Islands and our Company's branch register of members will be maintained by its Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. Hong Kong stamp duty will be charged on the sale and purchase of Shares only, at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The shareholder selling Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5.0 is currently payable on any instrument of transfer of Shares.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option) (subject to allotment only), Shares to be issued under the Capitalisation Issue and Shares which may be issued on the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed herein, none of the Shares are listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offer, which forms part of the Global Offering. For applicants in the Hong Kong Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offer.

The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The Global Offering is managed by the Joint Global Coordinators.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares wilI be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK$ has been translated, for illustration purposes only, into RMB in this prospectus at the following rate:

HK$1 : RMB0.78601

The exchange rate between HK$ and RMB was set by PBOC for foreign exchange transactions prevailing as at the Latest Practicable Date. No representation is made that any amounts in RMB or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments/are rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
HUANG Ruoqing (黄若青)	Flat D, 36/F, Tower 2 Harbour Green 8 Sham Mong Road Tai Kok Tsui, Kowloon Hong Kong	Chinese
TANG Chengyong (唐承勇)	Room 101, Block 2 Xi Kang Xincun Gulou District Nanjing People's Republic of China	Chinese
HONG Duxuan (洪篤煊)	Room 209 Qun Xian Ge No. 231 North Tianan Road Fengze District, Quanzhou Fujian People's Republic of China	Chinese
Independent non-executive Directors		
WONG Yau Kar, David BBS, JP (黄友嘉)	Flat B, 12/F, Tower 3 South Towers Residence Bel-Air 38 Bel-Air Avenue Hong Kong	Chinese
CHAU On Ta Yuen (周安達源)	Flats C&D, 23/F Tower 21 Laguna Verde Kowloon Hong Kong	Chinese
YIP Tai Him (葉棣謙)	Flat D, 35/F, Block 9 Tierra Verde, Tsing Yi New Territories Hong Kong	Chinese
CHOW Kwong Fai, Edward JP (周光暉)	10 Stewart Terrace The Peak Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed "Founder/Honorary Chairman, Directors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Central Hong Kong
Joint Global Coordinators and Joint Bookrunners	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Central Hong Kong
	Kingston Securities Limited Suite 2801, 28/F, One IFC 1 Harbour View Street Central Hong Kong
Joint Lead Managers	ICBC International Securities Limited 37th Floor, ICBC Tower 3 Garden Road Central Hong Kong
	Kingston Securities Limited Suite 2801, 28/F, One IFC 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited Units 1803-4, 18th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
Co-manager	China Rise Securities Company Limited Room 1611, 16/F West Wing, Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Legal advisers to our Company	*As to Hong Kong law* Sidley Austin 39th Floor, Two International Finance Centre Central Hong Kong *As to PRC law* King & Wood Mallesons 40th Floor, Office Tower A Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District Beijing 100020 People's Republic of China *As to Cayman Islands law* Appleby 2206-19 Jardine House 1 Connaught Road Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* Mayer Brown JSM 16th - 19th Floors, Prince's Building 10 Chater Road Central Hong Kong *As to PRC law* Jun He Law Offices Suite C, 20th Floor, Shenzhen Development Bank Tower 5047 East Shennan Road Shenzhen 518001 People's Republic of China
Reporting accountant	PricewaterhouseCoopers *Certified Public Accountants* 22/F, Prince's Building Central Hong Kong

Property valuer	Savills Valuation and Professional Services Limited 23/F, Two Exchange Square Central Hong Kong
Receiving bank	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road Central Hong Kong
Compliance adviser	Celestial Capital Limited 21/F., Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

Registered office	Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Headquarters and principal place of business in the PRC	28th Floor, Block B, The Rongchao Tower No.6003 Yitian Road CBD, Shenzhen People's Republic of China
Principal place of business in Hong Kong	Room 2001-2, Enterprise Square 3 39 Wang Chiu Road, Kowloon Bay Kowloon, Hong Kong
Company's website address	www.redco.cn *(A copy of this prospectus is available on our Company's website. Except for the information contained in this prospectus, none of the other information on our Company's website form part of this prospectus)*
Company secretary	Chan Hing Chau *(HKICPA)* Flat C, 27/F, Wing Cheong Court Fortune Plaza Tai Po, New Territories Hong Kong
Authorised representatives	Huang Ruoqing Flat D, 36/F, Tower 2 Harbour Green 8 Sham Mong Road Tai Kok Tsui, Kowloon Hong Kong
	Chan Hing Chau Flat C, 27/F, Wing Cheong Court Fortune Plaza Tai Po, New Territories Hong Kong
Audit Committee	Chow Kwong Fai, Edward JP *(Chairman)* Yip Tai Him Wong Yau Kar, David BBS, JP Chau On Ta Yuen
Remuneration Committee	Yip Tai Him *(Chairman)* Chau On Ta Yuen Huang Ruoqing

Nomination Committee	Huang Ruoqing *(Chairman)* Wong Yau Kar, David BBS, JP Chau On Ta Yuen
Principal banks	Industrial and Commercial Bank of China, Nanchang branch No. 48 Zhanqian Road Nanchang City Jiangxi Province PRC
	Industrial Bank Co. Ltd., Jinan branch No. 86 Jingqi Road Shizhong District Jinan City Shandong Province PRC
	China Construction Bank, Hefei branch No. 598 Maanshan South Road Hefei City Anhui Province PRC
	Bank of China No. 666 Jinggangshan Avenue Nanchang City Jiangxi Province PRC
	Agricultural Bank of China, Jinan branch No. 18 Dongxidanfeng Street Tianqiao District Jinan City Shandong Province PRC
	Hang Seng Bank 83 Des Voeux Road Central, Hong Kong
	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong

Principal share registrar and transfer office	Appleby Trust (Cayman) Ltd. Clifton House, 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

This section contains information and statistics relating to the economy of the PRC and the industry in which we operate. We have derived such information and data partly from publicly available government and official sources and private publications, none of which were commissioned by us. We believe that the sources of the information and statistics are appropriate sources for such information and we have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Such information has not been independently verified by us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates, advisers or any other parties involved in the Global Offering and no representation is given as to its correctness or accuracy. We have, however, taken reasonable care in extracting and reproducing such information and statistics.

OVERVIEW OF THE PRC ECONOMY

China has experienced significant economic growth since the adoption of the reform and opening-up policy by the PRC Government in 1978. China's nominal GDP grew at a CAGR of 10.6% from 2008 to 2012, reaching approximately RMB51,932 billion in 2012 and making China one of the fastest growing economies in the world. For the six months ended 30 June 2013, China's nominal GDP increased to approximately RMB24,801 billion, representing a period-on-period growth rate of approximately 7.6%.

The table below sets out selected economic statistics for China for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	31,405	34,090	40,151	47,288	51,932
Population (million)	1,328	1,335	1,341	1,347	1,354
Fixed asset investment (RMB in billion)	17,283	22,460	27,812	31,149	37,468
Per capita GDP (RMB)	23,708	25,608	30,015	35,181	38,354
Real GDP growth rate (%)	9.0	8.7	10.3	9.2	7.8

Sources: China Statistic Yearbook of 2012, National Bureau of Statistics of China ("NBSC")

Before the global financial crisis in 2008, China's nominal GDP grew at a CAGR of approximately 18.3% between 2003 and 2008. Following the global financial crisis in 2008, China further strengthened its economy by loosening macroeconomic policies and launching its RMB4 trillion stimulus package in 2008. Starting in 2010, in order to cope with rising inflation and unbalanced economic growth, China implemented a series of economic austerity measures to slow down its overheated economy by adjusting interest rates, bank deposit reserve ratio and austerity measures for the housing market. From 2010 to 2012, China's real GDP grew at an annual growth rate of approximately 10.3%, 9.2% and 7.8%, respectively.

The PRC's annual real GDP growth rate target set by the PRC Government in recent years had been 8% between 2005 and 2011. However, as mentioned above, the actual real GDP growth rate of the country consistently surpassed the targeted level from 2008 to 2011.

In March 2013, the PRC Government announced a real GDP growth rate target of 7.5% for 2013 and an average real GDP growth rate target of 7% for the "Twelfth Five-year" period which ends in 2015. After years of high but unbalanced economic growth, the PRC Government has set a more moderate annual growth rate target which aims to improve the quality of economic growth and to promote economic restructuring as a way to sustain longer-term growth.

OVERVIEW OF THE REAL ESTATE MARKET OF THE PRC

Recent developments of real estate policies in the PRC

In order to avoid over-heating of the real estate market, the PRC Government has promulgated various restrictive measures to stabilise housing prices. For details of recent developments of real estate policies in the PRC, please refer to the section headed "PRC Regulatory Overview — Measures on stabilising housing price" in this prospectus.

Key growth drivers of the real estate market in the PRC

In addition to ongoing housing reform and the overall growth of the PRC economy, the key factors driving the growth of the real estate market in the PRC include increases in disposable income and rapid urbanisation.

The table below sets out selected economic statistics of the PRC for the years indicated.

	2008	**2009**	**2010**	**2011**	**2012**
Urban population (million)	624.03	645.12	669.78	690.79	711.82
Urbanisation rate (%)	47.0	48.3	50.0	51.3	52.6
Per capita disposable income of urban households (RMB)	15,781	17,175	19,109	21,810	24,565

Sources: China Statistic Yearbooks of 2010 and 2012, NBSC

The cities in which our existing and planned property developments and investments are situated also experienced significant GDP growth. The tables below illustrate the nominal GDP and nominal GDP per capita in these cities for the years indicated.

	2008		2009		2010		2011		2012	
	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate
	(RMB bn)	*(%)*	*(RMB bn)*	*(%)*	*(RMB bn)*	*(%)*	*(RMB bn)*	*(%)*	*(RMB bn)*	*(%)*
China	31,405	18.1	34,090	8.6	40,151	17.8	47,288	17.8	51,932	9.8
Quanzhou	229	18.4	300	10.7	357	18.8	427	19.8	473	10.7
Nanchang	166	19.4	184	10.7	221	20.1	269	21.8	300	11.6
Tianjin	635	26.6	750	18.1	911	21.4	1,119	22.9	1,289	15.1
Jinan	302	18.4	335	10.9	391	16.7	441	12.7	481	9.2
Yantai	343	19.1	373	8.7	436	16.9	491	12.6	528	7.5
Hefei	167	25.6	210	25.7	270	28.6	364	34.8	416	14.3
Xianyang	77	30.5	87	13.0	110	26.4	136	23.6	162	19.1
Shenzhen	781	15.4	820	5.0	951	16.0	1,150	20.9	1,295	12.6

Sources: China Statistic Yearbook of 2012, NBSC, Local Bureaus of Statistics

Furthermore, demand for real estate property is also driven by the emergence and growth of the mortgage lending market in China. Due to this favourable market environment, investment in real estate development in China rose from approximately RMB3,120 billion in 2008 to approximately RMB7,180 billion in 2012, representing a CAGR of approximately 18.1%.

The table below sets out selected data relating to the property market in the PRC for the years indicated.

	2008	2009	2010	2011	2012
Real estate development Investment (RMB in billion)	3,120	3,624	4,826	6,180	7,180
GFA of commodity properties sold (million sq.m.)	660	948	1,048	1,094	1,113
GFA of residential properties sold (million sq.m.)	593	862	934	965	985
Average selling price of commodity properties (RMB per sq.m.)	3,800	4,681	5,032	5,357	5,791
Average selling price of residential properties (RMB per sq.m.)	3,576	4,459	4,725	4,993	5,430
Total sales revenue of commodity properties (RMB in billion)	2,507	4,436	5,272	5,859	6,446
Total sales revenue for residential properties (RMB in billion)	2,120	3,843	4,412	4,820	5,347

Source: China Statistic Yearbook of 2013

The average selling price of commodity properties sold in China increased from approximately RMB3,800 per sq.m. in 2008 to approximately RMB5,357 per sq.m. in 2011, while the average selling price of residential properties increased from approximately RMB3,576 per sq.m. in 2008 to approximately RMB4,993 per sq.m. in 2011.

Development of the Western Taiwan Straits Economic Zone

On 6 May 2009, the State Council promulgated the Several Opinions in relation to Supporting Fujian Province to Accelerate the Development of the Western Taiwan Straits Economic Zone (Guo Fa [2009] No. 24) (《關於支持福建省加快建設海峽西岸經濟區的若干意見》(國發[2009] 24號)), pursuant to which the PRC Government intends to accelerate the development of the Western Taiwan Straits Economic Zone in order to boost the nation's coastal economy as a whole, channel overseas capital to western and central China and to forge stronger economic cooperation with Taiwan.

The Western Taiwan Straits Economic Zone includes Fuzhou, Xiamen, Zhangzhou, Quanzhou, Putian, Sanming, Nanping, Longyan and Ningde in Fujian Province; Wenzhou, Lishui, Quzhou in Zhejiang Province; Shantou, Meizhou, Chaozhou, Jieyang in Guangdong Province; and Shangrao, Yingtan, Fuzhou, Ganzhou in Jiangxi Province.

We believe that Fujian Province and neighboring Jiangxi Province are the key constituents of the Western Taiwan Straits Economic Zone. Leveraging on their locations across the Taiwan Straits, we believe that these two provinces are well positioned to act as the hub of the Western Taiwan Straits Economic Zone linking together the Pearl River Delta and the Yangtze River Delta as well as the vast area of Central China.

For 2012, per capita GDP of Fujian Province reached RMB52,763, while per capita disposable income of urban households reached RMB28,055, representing a growth of 10.5% and 12.6% over 2011, respectively. For 2012, per capita GDP of Jiangxi Province reached RMB28,799 and per capita disposable income reached RMB19,860, representing a growth of 10.5% and 13.5% over 2011, respectively. We believe that the strong economic performance will lead to continuous demand for the property market in the region.

For the purposes of this prospectus, we have defined the Greater Western Taiwan Straits Economic Zone to include Fujian Province, Jiangxi Province, Wenzhou, Lishui and Quzhou in Zhejiang Province and Shantou, Meizhou, Chaozhou and Jieyang in Guangdong.

Development of the Bohai Economic Rim

The Bohai Economic Rim consists of three provinces and two municipalities surrounding the Bohai Rim area, namely Beijing, Tianjin municipality, Hebei province, Shandong Province and Liaoning Province. On 21 December 2010, the State Council promulgated the Notice in relation to the Issuance of the National Plan for Priority Development Zones (Guo Fa [2010] No. 46) (《國務院關於印發全國主體功能區規劃的通知》(國發[2010] 46號)), pursuant to which the PRC Government aims to develop the Bohai Economic Rim into the gateway for international trade and commerce and the leading economic engine in Northern China, constituting one of China's three major economic regions with development priority, with the other two being the Pearl River Delta and the Yangtze River Delta.

We believe that Tianjin municipality and bordering Shandong Province possess great economic growth potential that is conducive to a robust real estate market. For 2012, per capita GDP of Tianjin Municipality reached RMB91,181 and per capita disposable income of urban households reached RMB29,626, representing a growth rate of 10.4% and 10.1% over 2011, respectively. For 2012, per capita GDP of Shandong Province reached RMB51,768 and per capita disposable income of urban households reached RMB25,755, representing a growth of 9.2% and 13.0% over 2011, respectively.

Development of the Central and Western Regions

The Central and Western regions cover vast areas of inland China, and have been targeted by the central government for the implementation of major economic reform and development policies. On 31 August 2010, the State Council issued the Guiding Opinions of the State Council on Central and Western Regions' Undertaking of Industrial Transfer (Guo Fa [2010] No. 28) (《國務院關於中西部地區承接產業轉移的指導意見》(國發[2010] 28號)), providing guidelines for the migration of industries towards the Central and Western Regions with the aim of promoting further urbanisation and economic growth. On 13 February 2012, the State Council circulated the Official Reply of the State Council on the 12th Five-Year Plan for the Large-Scale Development of the Western Regions (Guo Fa [2012] No. 8) (《國務院關於西部大開發"十二五"規劃的批覆》(國發[2012] 8號)), setting out the plan for long-term sustainable economic development and the goal of achieving a GDP growth rate higher than that of the national average. On 27 August 2012, the State Council further promulgated the Several Opinions of the State Council on Vigorously Implementation of the Strategy of Promoting the Rise of the Central Region (Guo Fa [2012] No. 43) (《國務院關於大力實施促進中部地區崛起戰略的若干意見》(國發[2012] 43號), pursuant to which the PRC government intends to continue economic policy support for the region.

We believe that the Central and Western Regions have benefited and will continue to benefit from policy support from the central government with the aim of nurturing long-term economic growth and increasing urbanisation, which will help unlock growth potential in the real estate market of these regions.

The Real Estate Markets of Selected Cities in the PRC

Quanzhou

Quanzhou is a prefecture-level city on the southeastern coast of Fujian Province and faces the Taiwan Strait. It covers a total area of approximately 11,015.0 million sq.m. Quanzhou is a major economic hub in Fujian Province with a profound entrepreneurial culture.

According to the Quanzhou Municipal Bureau of Statistics, Quanzhou had a population of approximately 6.9 million as at the end of 2012. In 2012, its GDP reached approximately RMB473 billion, representing a per capita GDP of RMB57,291.0. The table below sets forth selected economic indicators relating to Quanzhou for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	271	300	357	427	473
Real GDP growth rate (%)	14.1	12.5	12.8	13.5	12.3
Per capita GDP (RMB)	34,840	38,368	45,124	52,245	57,291
Per capita disposable income of urban households (RMB)	20,420	22,913	25,155	28,703	32,283

Source: Quanzhou Municipal Bureau of Statistics

The GFA of completed residential properties in Quanzhou was approximately 2.9 million sq.m. in 2012. The total residential GFA sold in Quanzhou was approximately 4.6 million sq.m. in 2012, representing an increase of approximately 0.57 million sq.m. over 2011. The average selling price was RMB6,162 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Quanzhou for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	1.8	0.9	2.9	4.2	2.9
Total GFA of commodity properties (residential) sold (million sq.m.)	2.2	3.4	4.0	4.0	4.6
Average selling price (RMB per sq.m.)	3,839	4,554	4,919.0	6,594.0	6,162

Sources: Quanzhou Statistic Yearbooks of 2009 to 2013

Local restrictive measures

On 25 March 2011, the Quanzhou municipal government office issued the Notice on Implementation Opinions of Further Carrying Out Well the Real Estate Control Work (關於進一步做好房地產市場調控工作的實施意見), pursuant to which, the minimum down payment in respect of mortgage loans on purchase of the second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate, the minimum down payment in respect of housing provident fund mortgage loans on purchase of the second residential properties is 50% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate.

Nanchang

Nanchang is the capital of Jiangxi Province in southeastern China. Due to its central location relative to the Yangtze River Delta and Pearl River Delta regions, it is a major railroad hub and a regional hub for agricultural production in Jiangxi Province.

According to the Nanchang Municipal Bureau of Statistics, Nanchang had a population of approximately 5.1 million as at the end of 2012. In 2012, its GDP reached approximately RMB300.0 billion, representing a per capita GDP of RMB58,715.0. The table below sets forth selected economic indicators relating to Nanchang for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	166	184	221	269	300
Real GDP growth rate (%)	15.0	13.1	14.0	13.0	12.5
Per capita GDP (RMB)	36,105	39,669	47,174	53,023	58,715
Per capita disposable income of urban households (RMB)	15,112	16,472	18,276	20,741	23,602

Source: Nanchang Municipal Bureau of Statistics

The GFA of completed residential properties in Nanchang was approximately 3.3 million sq.m. in 2012, representing a decrease of approximately 15.4% over 2011. The total residential GFA sold in Nanchang was approximately 6.0 million sq.m. in 2012, representing an increase of approximately 36.4% over 2011, while the average selling price increased by approximately 10.5% from approximately RMB5,323 per sq.m. in 2011 to approximately RMB5,880 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Nanchang for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	3.0	3.3	3.1	3.9	3.3
Total GFA of commodity properties (residential) sold (million sq.m.)	3.3	4.6	4.9	4.4	6.0
Average selling price of commodity properties (residential) (RMB per sq.m.)	3,361	3,637	4,331	5,323	5,880

Source: China Statistic Yearbook of 2009-2013

Local restrictive measures

In January 2011, the Nanchang municipal government issued the Notice on Further Implementation of the Supplemental Opinions on General Real Estate Control Policies and Help the Stable and Healthy Growth of the Real Estate Market (關於進一步貫徹落實國家宏觀調控政策促進房地產市場平穩健康有序發展的補充意見的通知), pursuant to which each household is allowed to purchase only one new residential property in the five downtown areas of Nanchang city since 1 February 2011.

In February 2011, the Nanchang municipal government further issued Opinions on Nanchang City's Implementation of State Council's Notice on Further Conduct Real Estate Market Control Work (南昌市貫徹落實國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知的意見), pursuant to which, for purchases of properties in Nanchang city:

i. the minimum down payment in respect of mortgage loans on purchase of the second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate; and

ii. it is not allowed to sell properties to the Nanchang resident households who have already purchased two or more residential properties or non-Nanchang resident households who have purchased one or more residential properties or non-Nanchang resident households who are not able to provide a local tax payment certificate or social security certificate for more than one year.

In November 2013, the General Office of Nanchang Municipal Government issued the Notice on Further Improvement of the Opinions of Control over Real Estate Market (關於進一步做好房地產市場調控工作意見的通知), which extends the period of a local tax payment certificate or social security certificate for non-Nanchang resident households who are permitted to purchase any residential properties from one year to two years.

In December 2013, the Nanchang Central Sub-branch of the PBOC promulgated the Notice of Adjusting the Differentiated Credit Extension Policies Based on Housing Types in Nanchang City (關於調整南昌市差別化住房信貸政策的通知), which raises the percentage of the minimum down payment for second-home purchases from 60% to 70% of the total purchase price from 15 December 2013.

Tianjin

Tianjin is one of the four centrally-administered municipalities in the PRC. Tianjin is strategically located in the Bohai Economic Rim region with an area of approximately 11,947.0 sq.km.

According to the Tianjin Municipal Bureau of Statistics, Tianjin had a population of approximately 9.9 million at the end of 2012. In 2012, its GDP reached approximately RMB1,289.0 billion, representing a per capita GDP of RMB93,110.0. The table below sets forth selected economic indicators relating to Tianjin for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	635	750	911	1,119	1,289
Real GDP growth rate (%)	16.5	16.5	17.4	16.4	13.8
Per capita GDP (RMB)	55,473	62,403	70,402	82,616	91,181
Per capita disposable income of urban households (RMB)	19,423	21,430	24,293	26,921	29,626

Source: Tianjin Municipal Bureau of Statistics

The GFA of completed residential properties in Tianjin was approximately 19.1 million sq.m. in 2012, representing an increase of approximately 15.8% over 2011. The total residential GFA sold in Tianjin was approximately 15.1 million sq.m. in 2012, representing an increase of approximately 10.2% over 2011, while the average selling price decreased by approximately 6.3% from approximately RMB8,548 per sq.m. in 2011 to approximately RMB8,010 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Tianjin for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	14.9	15.8	16.0	16.5	19.1
Total GFA of commodity properties (residential) sold (million sq.m.)	11.4	14.6	13.0	13.7	15.1
Average selling price of commodity properties (residential) (RMB per sq.m.)	5,598	6,605	7,940	8,548	8,010

Source: China Statistic Yearbook of 2009-2013

Local restrictive measures

In February 2011, the General Office of Tianjin Municipal Government issued the Notice on Implementation of the Spirit of the Document of the General Office of the State Council and Further Carrying Out Well the Real Estate Control Policies In Our City (關於貫徹國務院辦公廳文件精神進一步做好我市房地產市場調控工作實施意見的通知). Pursuant to the Notice, the minimum down payment in respect of mortgage loans on purchase of second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate.

Moreover, (i) Tianjin resident households who have already purchased one residential property and (ii) non-Tianjin residents who are able to provide one year's tax payment and social security payment are only allowed to purchase one residential property. No properties are allow to be sold to (a) Tianjin resident households who have already purchased two or more residential properties, (b) non-Tianjin resident households who have purchased one or more residential properties or (c) non-Tianjin resident households who are unable to provide a local tax payment certificate or social security certificate for more than one year.

Jinan

Jinan is the capital city of Shandong province. The city, which holds sub-provincial administrative status and a major regional economic and transportation hub, is about 400 kilometers from Beijing with an area of 8,177.0 million sq.m.

According to the Jinan Municipal Bureau of Statistics, Jinan had a population of approximately 6.1 million at the end of 2012. In 2012, its GDP reached approximately RMB481 billion, representing a per capita GDP of RMB69,574.0. The table below sets forth selected economic indicators relating to Jinan for the years indicated.

	2008	**2009**	**2010**	**2011**	**2012**
Nominal GDP (RMB in billion)	302	335	391	441	481
Real GDP growth rate (%)	13.0	12.2	12.7	10.6	9.5
Per capita GDP (RMB)	45,724	50,376	57,947	64,331	69,574
Per capita disposable income of urban households (RMB)	20,802	22,722	25,321	28,892	32,570

Sources: Jinan Municipal Bureau of Statistic; Shandong Yearbook of 2011

The GFA of completed residential properties in Jinan was approximately 3.7 million sq.m. in 2012, representing a decrease of approximately 11.9% over 2011. The total residential GFA sold in Jinan was approximately 5.6 million sq.m. in 2012, representing an increase of approximately 3.7% over 2011, while the average selling price decreased by approximately 0.2% from approximately RMB6,664 per sq.m. in 2011 to approximately RMB6,651 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Jinan for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	2.3	3.7	2.0	4.2	3.7
Total GFA of commodity properties (residential) sold (million sq.m.)	3.3	4.0	4.8	5.4	5.6
Average of commodity properties (residential) selling price (RMB per sq.m.)	4,155	4,790	6,100	6,664	6,651

Source: China Statistic Yearbook of 2009-2013

Local restrictive measures

In January 2011, the Jinan Municipal Government issued the Notice on the Further Implementation of the Real Estate Control Policies and Helping the Stable and Healthy Growth of the Real Estate Market (關於進一步貫徹落實房地產調控政策促進房地產市場健康平穩發展的通知), pursuant to which the minimum down payment in respect of mortgage loans on purchase of the residential properties is 30% of the purchase price, the purchase of second residential properties is increased to 50% of the purchase price; and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate. Further, each Jinan or non-Jinan resident household is allowed to purchase only one new residential property in the seven downtown area of the Jinan city until 31 December 2011.

In February 2011, the General Office of Shandong Province Government issued the Notice on Implementation of the Guo Ban Fa [2011] No.1 and Further Improving and Strengthening the Real Estate Control Policies (關於貫徹國辦發[2011]1號文件進一步改進和加強房地產市場調控的通知). Pursuant to the Notice, in principle, it is not allowed to sell properties (i) to the Jinan resident households who have purchased two or more residential properties or (ii) to non-Jinan resident households who have purchased one or more residential properties or non-Jinan resident households who are not able to provide a local tax payment certificate or social security certificate for more than one year.

Yantai

Yantai is a prefecture-level city in Shandong Province. Located on the southern coast of Bohai sea and the eastern coast of Laizhou Bay, Yantai is a robust economic center in the Bohai Economic Rim region.

According to the Yantai Municipal Bureau of Statistics, Yantai had a population of approximately 6.5 million at the end of 2012. In 2012, its GDP reached approximately RMB528 billion, representing a per capita GDP of RMB75,672. The table below sets forth selected economic indicators relating to Yantai for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	343	372.9	436	491	528
Real GDP growth rate (%)	13.6	13.5	14.1	12.1	10.3
Per capita GDP (RMB)	49,012	53,066	62,264	70,339	75,672
Per capita disposable income of urban households (RMB)	19,350	21,125	23,288	26,542	30,045

Source: Yantai Municipal Bureau of Statistics

The GFA of completed residential properties in Yantai was approximately 4.0 million sq.m. in 2012, representing an increase of approximately 1.66 million sq.m. over 2011. The total residential GFA sold in Yantai was approximately 9.6 million sq.m. in 2012, representing a decrease of approximately 18.6% over 2011, while the average selling price increased by approximately 8.9% from approximately RMB4,834 per sq.m. in 2011 to approximately RMB5,265 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Yantai for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	2.3	3.9	3.1	4.5	4.0
Total GFA of commodity properties (residential) sold (million sq.m.)	5.6	6.3	10.4	11.8	9.6
Average selling price of commodity properties (residential) (RMB per sq.m.)	3,242	3,748	3,954	4,834	5,265

Sources: Yantai Statistic Yearbooks of 2009 to 2013, China Regional Statistic Yearbook of 2009

Local restrictive measures

As at the Latest Practicable Date, the local government of Yantai has not issued notices or implemented any local regulations to carry out more restrictive measures than nationwide restrictions on purchases of properties in Yantai.

Hefei

Hefei is the capital of Anhui Province. It is located in the central region of China between Yangtze and Huaihe Rivers and is close to the fast developing Yangtze River Delta Region. The city covers an area of 7,029 sq.km. It possesses a strategically important location easily accessible from all directions of the country, and connects the vast area of Central China.

According to the Hefei Municipal Bureau of Statistics, Hefei had a population of approximately 7.1 million at the end of 2012. In 2012, its GDP reached approximately RMB416 billion, representing a per capita GDP of RMB55,186. The table below sets forth selected economic indicators relating to Tianjin for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	167	210	270	364	416
Real GDP growth rate (%)	17.2	17.3	17.5	15.4	13.6
Per capita GDP (RMB)	34,482	41,543	47,392	48,563	55,186
Per capita disposable income of urban households (RMB)	15,591	17,158	19,051	22,459	25,434

Source: Hefei Municipal Bureau of Statistics

The GFA of completed residential properties in Hefei was approximately 7.3 million sq.m. in 2012, representing an increase of approximately 10.6% over 2011. The total residential GFA sold in Hefei was approximately 11.2 million sq.m. in 2012, representing an increase of approximately 5.7% over 2011, while the average selling price increased by approximately 2.6% from approximately RMB5,608 per sq.m. in 2011 to approximately RMB5,754 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Hefei for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	4.6	4.8	5.8	6.6	7.3
Total GFA of commodity properties (residential) sold (million sq.m.)	8.7	11.8	8.6	10.6	11.2
Average selling price of commodity properties (residential) (RMB per sq.m.)	3,425	4,095	5,502	5,608	5,754

Source: China Statistic Yearbook of 2009-2013

Local restrictive measures

As at the Latest Practicable Date, the local government of Hefei has not issued notices or implemented any local regulations to carry out more restrictive measures than nationwide restrictions on purchases of properties in Changfeng County, Hefei.

Xianyang

Xianyang is a prefecture-level city in Shanxi Province. It borders with the capital of Shanxi, Xi'an, to the east and shares the same international airport with Xi'an. It's part of the Xi'an metropolitan area, one of the main urban agglomerations in inland China. This integration with Xi'an was further supported by the recent governmental initiative of "Integration of Xi'an and Xianyang".

According to the Xianyang Municipal Bureau of Statistics, Xianyang had a population of approximately 4.9 million at the end of 2012. In 2012, its GDP reached approximately RMB162 billion, representing a per capita GDP of RMB32,847. The table below sets forth selected economic indicators relating to Xianyang for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	76	87	110	136	162
Real GDP growth rate (%)	16.0	14.2	14.5	14.2	14.5
Per capita GDP (RMB)	15,286	17,429	21,900	27,705	32,847
Per capita disposable income of urban households (RMB)	13,208	16,404	18,914	22,224	25,758

Source: Xianyang Municipal Bureau of Statistics

The GFA of completed residential properties in Xianyang was approximately 0.2 million sq.m. in 2012, representing a decrease of approximately 77.8% over 2011. The total residential GFA sold in Xianyang was approximately 1.4 million sq.m. in 2012, representing a decrease of 33.3% over 2011, while the average selling price increase by approximately 78.4% from approximately RMB2,108 per sq.m. in 2011 to approximately RMB3,761 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Xianyang for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	0.7	0.5	0.9	0.9	0.2
Total GFA of commodity properties (residential) sold (million sq.m.)	1.0	1.3	2.1	2.1	1.4
Average selling price of commodity properties (residential) (RMB per sq.m.)	2,290	2,719	3,749	2,108	3,761

Sources: Xianyang Statistic Yearbooks of 2008 to 2012

Local restrictive measures

As at the Latest Practicable Date, the local government of Xianyang has not issued notices or implemented any local regulations to carry out more restrictive measures than nationwide restrictions on purchases of properties in Xianyang.

Shenzhen

Shenzhen is a sub-provincial level city situated immediately north of Hong Kong in Guangdong Province. The country's first special economic zone - the brainchild of late Chinese leader Deng Xiaoping - was established here in 1980. Covering 1,991.64 square kilometers of land, Shenzhen has been a touchstone for China's reform and opening-up policy since then and has become an economic powerhouse of Southern China.

According to the Shenzhen Municipal Bureau of Statistics, Shenzhen had a population of approximately 10.5 million at the end of 2012. In 2012, its GDP reached approximately RMB1,295 billion, representing a per capita GDP of RMB123,247. The table below sets forth selected economic indicators relating to Shenzhen for the years indicated.

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billion)	781	820	951	1,150	1,295
Real GDP growth rate (%)	12.1	10.7	12.0	10.0	10.0
Per capita GDP (RMB)	89,814	92,771	98,711	110,387	123,247
Per capita disposable income of urban households (RMB)	26,729	29,244	32,380	36,505	40,742

Source: Shenzhen Bureau of Statistics

The GFA of completed residential properties in Shenzhen was approximately 2.9 million sq.m. in 2012, representing an increase of approximately 26.1% over 2011. The total residential GFA sold in Shenzhen was approximately 4.9 million sq.m. in 2012, representing an increase of approximately 4.3% over 2011, while the average selling price decreased by approximately 9.7% from RMB21,037 in 2011 to approximately RMB18,996 per sq.m. in 2012.

The table below illustrates key figures relating to the residential real estate market in Shenzhen for the years indicated.

	2008	2009	2010	2011	2012
Total GFA of residential properties completed (million sq.m.)	4.4	2.7	2.5	2.3	2.9
Total GFA of commodity properties (residential) sold (million sq.m.)	4.1	7.2	4.1	4.7	4.9
Average selling price of commodity properties (residential) (RMB per sq.m.)	12,823	14,389	18,954	21,037	18,996

Source: China Statistic Yearbook 2009-2013

Local restrictive measures

Subject to the Supplementary Circular of the Office of Shenzhen Municipal People's Government on Further Implementation of the Circular by State Council for Strict Control on Excessive Growth of Housing Price (關於進一步貫徹落實國務院文件精神堅决遏制房價過快上漲的補充通知) (Shen Fu Ban [2010] No.82) promulgated and implemented by the Shenzhen Municipal People's Government on 30 September 2010, a household with a local registered residence of Shenzhen shall only be allowed to purchase up to two houses in Shenzhen, while a household without a local registered residence of Shenzhen is only allowed to purchase one house, if the latter could provide tax payment proof or social insurance payment proof evidencing at least 12 months of continuous payment. Any household who falls into any of the following cases is not allowed to purchase any house in Shenzhen temporarily: (i) any household with a local registered residence of Shenzhen who already owned two or more houses, or (ii) any household without a local registered residence of Shenzhen who already owned one or more houses, or (iii) any household without a local registered residence of Shenzhen who could not provide eligible tax payment proof or social insurance payment proof.

Pursuant to the Circular of the Office of Shenzhen People's Government on Further Improvement of Control over Our Real Estate Market to Guarantee the Annual Target of Controlling New Housing Price (深圳市人民政府辦公廳關於進一步做好我市房地產市場調控工作確保年度新建房價控制目標的通知) (Shen Fu Ban [2011] No.30) promulgated and implemented by the Shenzhen Municipal People's Government on 29 March 2011, the tax payment proof provided by anyhousehold without a local registered residence of Shenzhen at the time of house purchase must fulfil the condition of continuous payment in the recent 12 months or more (excluding delayed payment). For the social insurance payment proof provided by any household without a local registered residence at the time of house purchase, it must satisfy one of the following conditions: (i) the continuous payment of pension and medical insurance in the recent 12 months or more; (ii) the continuous payment of pension and work injury insurance in the recent 12 months or more; (iii) the continuous payment of medical insurance and work injury insurance in the recent 12 months or more.

On 31 October 2013, the Shenzhen Central Sub-branch of the PBOC promulgated the Notice of Adjusting the Differentiated Credit Extension Policies Based on Housing Types in Shenzhen City (關於調整深圳市差別化住房信貸政策的通知), which raises the percentage of the minimum down payment for second-house purchase from 60% to 70% of the total purchase price from 6 November 2013.

Competition in the real estate market of the PRC

Our Directors believe that the real estate market in the PRC is highly fragmented. Competition in the real estate market in the PRC has intensified over the past few years. Industry participants in different cities in the PRC include national, regional and local real estate developers. We compete with other real estate developers on the basis of a number of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. As a China Top 100 real estate developer, we primarily compete with other China Top 100 real estate developers who focus on residential property development in the PRC. Our competitors may have more experience and resources than we do. We believe that the real estate market in the PRC still has large growth potential. We believe major barriers to enter into these markets include a potential new entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that, with our solid experience in real estate development since we commenced property development operations in 1995, our strategic focus on cities with high GDP growth and population growth potential, our reputable brand name and our effective management team, we are able to react promptly and effectively to challenges in the PRC property market. Please refer to the section headed "Business — Competition" in this prospectus for further details on the competitive landscape of the real estate market in the PRC.

PRICES OF KEY CONSTRUCTION MATERIALS

According to the public information available from Bloomberg, annual average market price of steel rebar, a major raw material in building construction, increased from RMB4,169.0 per ton in 2010 to RMB4,741.0 per ton in 2011 and decreased to RMB3,939.0 per ton in 2012. In the six months ended 30 June 2013, average market price of steel rebar amounted to RMB3,635.0 per ton. Price of coking coal, a major component in the production of cement, increased from RMB1,525.0 per ton in 2010 to RMB1,690.0 per ton in 2011 and decreased to RMB1,505.0 per ton in 2012. In the six months ended 30 June 2013, average market price of coking coal was RMB1,259.0 per ton.

SUMMARY OF PRINCIPAL PRC LAWS AND REGULATORY PROVISIONS

The following is a summary of the PRC laws, regulations, policies and administrative directives to which we are subject.

ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE

According to the PRC Law on Administration of Urban Real Estate (中華人民共和國城市房地產管理法), or the Urban Real Estate Law, promulgated by the NPC on 5 July 1994, effective on 1 January 1995 and amended on 30 August 2007, a real estate development enterprise is defined as an enterprise that engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例), or the Development Regulations, promulgated and implemented by the State Council on 20 July 1998 and amended on 8 January 2011, an enterprise that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1.0 million or more; and

- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom should hold relevant qualification certificates.

The Development Regulations also stipulate that the local government of a province, autonomous region or provincial-level municipality may, based on local circumstances, impose more stringent requirements on the registered capital and the number of professional personnel of a real estate development enterprise.

Pursuant to the Development Regulations, to establish a real estate development enterprise, the developer shall apply for registration with SAIC. The developer shall also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries (關於調整部分行業固定資產投資項目資本金比例的通知), issued by the State Council on 26 April 2004, the portion of capital-account funding for real estate projects (excluding affordable housing projects) has been increased form 20% or above to 35% or above. However, pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets (國務院關於調整固定資產投資項目資本金比例的通知) issued by the State Council on 25 May 2009, the minimum portion of the capital funding for ordinary commodity housing projects and social welfare housing projects has been reduced to 20%, while that for other real estate projects has been decreased to 30%.

FOREIGN-INVESTED REAL ESTATE DEVELOPMENT ENTERPRISE

Pursuant to the Development Regulations, where a foreign-invested enterprise is to be established to engage in the development and sale of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Catalog of Guidance on Foreign Investment Industrial (Revised in 2011) (外商投資產業指導目錄), or the Foreign Investment Catalog, promulgated by MOFCOM and NDRC on 24 December 2011, effective on 30 January 2012,

- the development of a whole parcel of land (limited to equity joint ventures and cooperative joint ventures) as well as the construction and operation of high-end hotels, premium office buildings, international conference, exhibition centers, the secondary market transactions in real estate sector and real estate intermediaries or agents fall within the category of industries in which foreign investment is subject to restrictions;

- the construction and operation of villa falls under the category of industries in which foreign investment is prohibited; and

- other real estate developments fall within the category of industries in which foreign investment is permitted.

Subject to the approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and sale of real estate in China may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise by the foreign investor in accordance with the PRC laws and regulations governing foreign-invested enterprises.

On 11 July 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Circular on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), or the 171 Opinion, which states that, among other things, a foreign entity or individual investing in the PRC property other than for self-use, must apply for the establishment of a Foreign-Invested Real Estates Enterprise (the "FIREE") in accordance with the applicable PRC laws and can only conduct operations within the authorised business scope. The 171 Opinion attempts to impose additional restrictions on the establishment and operation of a FIREE by measures including regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of a FIREE or the transfer of its projects and prohibiting the borrowing of money from domestic and foreign lenders where, among other things, the registered capital is not paid up, land use rights are not obtained, or the capital fund is less than 35% of the total investment amount in the intended development project. In addition, the 171 Opinion also limits the ability of certain foreign individuals to purchase residential properties in China.

On 23 May 2007, MOFCOM and SAFE jointly issued the Circular on Further Strengthening and Regulating the Approval and Supervision on Foreign Direct Investment in Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), or Circular 50, which states that, among other things, foreign investment in the real estate sector in the PRC relating to high-grade properties should be strictly controlled. According to Circular 50, before applying for the establishment of FIREEs, (i) both the land use rights certificates and property ownership certificates should have been obtained or (ii) contracts for obtaining land use rights and property ownership rights should be entered into. Also, acquisitions of domestic real estate entities and foreign investment in real estate sector in a way of a round-trip investment channel should be strictly regulated, and foreign investors may not bypass approval procedures through changes in actual controlling persons. In addition, existing foreign-invested enterprises need to obtain approval before expanding their business operations into the real estate sector and existing FIREEs need to obtain new approval in case they wish to expand their existing real estate business operations. SAFE authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements or sales regarding capital account items to those entities failing to file with the MOFCOM or failing to pass the joint annual reviews of foreign-invested enterprises. For those FIREEs, which are wrongfully approved by local authorities for their establishment, (i) the MOFCOM will carry out investigation, order punishment and corrections, and (ii) SAFE authorities should not carry out foreign exchange registrations for these entities.

The Notice on the Distribution of the List of the First Group of Foreign-Invested Real Estate Projects Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) issued by SAFE on 10 July 2007 ("Notice 130"), which restricts the ability of FIREEs to raise funds through foreign debt, was abolished on 13 May 2013 by the Notice on Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and Its Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知) ("No. 21 Notice") which was promulgated by SAFE on 10 May 2013. However, most of the restriction measures on the foreign debt of FIREEs stipulated in the Notice 130 have been reflected in the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) ("No. 19 Notice") issued by SAFE on 28 April 2013. According to No. 19 Notice, local branches of SAFE must not register any foreign debt of a FIREE if it obtained approval certificate from competent commercial departments and filed with MOFCOM on or after 1 June 2007.

In connection with the filing requirement, on 18 June 2008, the MOFCOM issued the Notice on Properly Archiving the Filings for Foreign Investment in Real Estate Sector (關於做好外商投資房地產業備案工作的通知). According to the notice, since 1 July 2008, the MOFCOM entrusts its provincial level branch to review the filing materials with respect to FIREEs and check and confirm the legality, authenticity and accuracy of the materials. The MOFCOM will archive the filing after receiving the archival form duly completed and submitted by the provincial level branches. The notice also requires that the establishment (including the increase of registered capital) of an enterprises with foreign investment must comply with the principle of one project company engaging in one approved real estate project only.

Moreover, in 22 November 2010, the General Office of MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides that, among other rights, in the case that a real estate enterprise is established within the PRC with oversea capital, it is prohibited to purchase and/or sell real estate properties completed or under construction within the PRC for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

QUALIFICATIONS OF A REAL ESTATE DEVELOPMENT ENTERPRISE

Under the Provisions on Administration of Qualification of Real Estate Developers (房地產開發企業資質管理規定), or the Provisions on Administration of Qualifications, promulgated by Ministry of Construction and implemented on 29 March 2000, a real estate development enterprise must apply for registration of its qualification according to the Provisions on Administration of Qualifications. An enterprise may not engage in the development and sale of properties without a qualification classification certificate for real estate development. Ministry of Construction oversees the qualifications of real estate developers with national operations, and local Ministry of Construction authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, the qualification of a real estate development enterprise is classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualifications should be examined and approved by corresponding authorities.

- Class 1 qualifications are subject to preliminary examination by Ministry of Construction authorities at the provincial level and the final approval of Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Class 2 or lower qualifications are regulated by Ministry of Construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a total GFA of less than 250,000 sq.m. subject to confirmation by Ministry of Construction authorities at the provincial level.

Under the relevant PRC laws and regulation, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employment, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer within any specific qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the competent authorities will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year since its issuance, and MOHURD authorities may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer should apply for qualification of classification to the relevant authorities within one month before expiration of its provisional qualification certificate.

Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be subject to annual inspection. The construction authority under the State Council or its entrusted institution is responsible for carrying out the annual inspection of the qualification of class 1 real estate developers. Procedures for annual inspection of developers of class 2 or lower qualifications shall be formulated by the construction authorities under the people's government of the relevant province, autonomous region or provincial-level municipality.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Promoting the Adjustment and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知), pursuant to which the qualification certificates and the sources of capital of real estate development enterprises will be censored. If a real estate development enterprise fails to obtain a construction permit and fails to start construction two years after the land is provided, the land will be confiscated and fines will be imposed accordingly.

DEVELOPMENT OF A REAL ESTATE PROJECT

Commencement of Development of a Property Project

According to the Interim Provision on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by NDRC in October 2004, approval of NDRC is required for foreign investment projects with total investment of US$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US$50 million or more within the category of foreign investments subject to restrictions. In July 2008, NDRC issued the Notice on Further Reinforcing and Regulating the Administration of Foreign Investment Projects (關於進一步加強和規範外商投資項目管理的通知), which further requires that the capital-increase and reinvest projects of the foreign-invested enterprises shall obtain the approval from NDRC or its local branch and the restricted projects with a total investment of no more than 50 million shall be subject to the examination and approval of NDRC branches of the provincial level and power to examine and approve such projects shall not be transfered to a lower-level under any pretext and by any means.

According to the Several Opinions of the State Council on Further Strengthening the Utilisation of Foreign Investment (關於進一步做好利用外資工作的若干意見), promulgated by the State Council on 6 April 2010, and the Notice on Devolution of Authority for Foreign Investment Projects (關於做好外商投資項目下放核准權限工作的通知), promulgated by NDRC on 4 May 2010, except where approval by the relevant departments under the State Council is required by the Foreign Investment Catalog, foreign investment in encouraged and permitted industries with a total investment of US$300 million or less must be examined and approved by NDRC branches at the provincial level. Pursuant to the Notice on Issues related to Devolution of Authority of Examination and Approval of Foreign Investment (關於下放外商投資審批權限有關問題的通知), promulgated by MOFCOM on 10 June 2010, MOFCOM branches at the provincial level are responsible for the examination and approval of establishment and modifications of foreign-invested enterprises in encouraged or permitted industries with a total investment of less than US$300 million and with a total investment of less than US$50 million in restricted industries.

Grant of Land Use Rights

In April 1988, NPC amended the PRC Constitution (中華人民共和國憲法) to permit the transfer of land use rights for value. And in December 1988, NPC amended the Land Administration Law (土地管理法) to permit the transfer of land use rights for value. The acquisition of state-owned land use rights from relevant government authorities is commonly referred to as the primary market, and the acquisition of land use rights from entities which hold land use rights granted by relevant government authorities is commonly referred to as the secondary market.

In March 2007, NPC adopted the Property Rights Law of the People's Republic of China (中華人民共和國物權法), or the Property Rights Law, which became effective on 1 October 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, use such land use rights as equity contributions or collateral for financing. If the state reclaims the properties owned by entities or individuals, it must compensate the property owner in accordance with laws and regulations and protect the lawful rights and interests of the owners.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), or the Interim Regulations on Grant and Assignment, promulgated by the State Council in May 1990, China adopted a system to grant and assign the rights to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the terms of use. Under the Urban Real Estate Law and the Interim Regulations on Grant and Assignment, the land administration authority at the city or county level may enter into a land grant contract with land user to provide for the grant of land use rights. Land user must pay the land premium as provided by the land grant contract. After payment in full of the land premium, land user may register the land use rights for a site intended for real estate development. Land use rights may be obtained through grant, except for land intended for purposes subject to premium-free allocation by the PRC government pursuant to the PRC laws and regulations. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC Government authorities and the land premium as determined by the relevant PRC Government authorities has been paid.

Under the Regulation on Grant of State-Owned Land Use Rights by Agreement (協議出讓國有土地使用權規定) promulgated by MLR on 11 June 2003, except for the project that must be granted through public tender, auction and listing-for-sale as required by the relevant laws and regulations, land-use rights may be granted via transfer agreements, and the land premium for the transfer agreements of the state-owned land use rights must not be lower than 70% of the benchmark land price.

Under current PRC laws and regulations on land administration, land for real estate development may be obtained only by grant except for land-use right obtained through allocation. Under the Regulations on the Grant of State-Owned Land Use Right through Public Tender, Auction and

Listing-for-Sale (招標拍賣掛牌出讓國有建設用地使用權規定), issued by MLR on 3 April 2002 and as amended in September 2007, land for industry and commercial use, tourism, entertainment and commodity housing development or on which there are two or more intended land users must be granted by way of public tender, public auction or listing-for-sale. The procedures are as follows:

- The land authority under the government of the city and country, as the grantor, must make an announcement at least 20 days prior to the date of the proposed competitive bidding, public auction or listing-for-sale. The announcement must include basic particulars such as land parcel, qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit of the bid.

- The grantor must conduct a qualification verification of the bidding applicants and auction applicants, inform the applicants who satisfy the requirements set out in the announcement and invite them to attend the competitive bidding, public auction or listing-for-sale.

- After determining the winning tender or the winning bidder by the competitive bidding, public auction or listing-for-sale, the grantor and the winning tender or winning bidder must then enter into a confirmation. The grantor should return the bidding or tender deposit to other bidding or auction applicants.

- The grantor and the winning tender or winning bidder must enter into a land grant contract according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the land premium of the state-owned land use rights.

- The winning tender or winning bidder should apply for the land use rights registration after paying off the land premium in full under the land grant contract. The local governments at or above the county level will issue the land use rights certificates.

Pre-examination of the Construction Sites

When carrying out the feasibility study for a construction project, the construction entity or the developer must make a preliminary application for construction on the relevant site to the relevant land administration authorities in accordance with the Measures for Administration of Examination and Approval for Construction Land (建設用地審查報批管理辦法) promulgated by MLR in March 1999 and amended on 30 November 2010, and the Measures for Administration of Preliminary Examination of Construction Project Land (建設項目用地預審管理辦法) promulgated by MLR in July 2001, as amended in October 2004 and November 2008. After receiving the preliminary application, the land administration authorities will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authorities at the relevant city or county level will sign a land grant contract with land user and issue an approval to the construction entity or the developer.

Under the Urban Real Estate Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the contract for the land-use right assignment.

Planning for a Real Estate Project

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by MOHURD in December 1992, as amended in January 2011, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organise the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法) promulgated by the NPC in October 2007, effective as of 1 January 2008, and local statutes on municipal planning. Before the construction of buildings, structures, roads, pipelines and other construction projects, the construction entity must apply to the planning administration authorities at the municipal or county level for a construction works planning permit. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

However, if a construction project is conducted without obtaining the planning permit on construction project or by violating the provisions of the planning permit on construction project, the competent department of urban and rural planning of the local government at or above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% of construction cost but not more than 10% of cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit or confiscate the real objects or the relevant income when impossible to dismantle it, and may also impose a fine not more than 10% of construction cost.

Expropriation of and Compensation for Housing on State-owned Land

In accordance with the Regulations for the Expropriation of and Compensation for Housing on State-owned Land (國有土地上房屋徵收與補償條例) promulgated by the State Council and implemented in January 2011, with regard to the expropriation of the housing of entities and individuals on the State-owned land, the owners of the housing being expropriated shall be offered a fair compensation for the need of public interest.

Compensation offered by governments at municipal and county levels that make housing expropriation decision to parties with housing being expropriated includes: (i) compensation for the value of the housing being expropriated; (ii) compensation for relocation and temporary settlement caused by expropriation of housing; and (iii) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing.

The amount of compensation for value of housing being expropriated shall not be less than market price of the real estate similar to it on the announcement date of the housing expropriation decision. The value of housing being expropriated shall be appraised and determined by a real estate price appraisal institution with corresponding qualification according to the housing expropriation appraisal measures. A party that objects to the value of the housing being expropriated appraised and determined may apply to the real estate price appraisal institution for review of the appraisal. A party that objects to the review result may apply to the real estate price appraisal expert committee for authentication.

The parties with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of housing. If the parties with housing being expropriated choose to exchange the property right of housing, governments at municipal and county levels shall provide housing used for the exchange of property right, and calculate and settle the difference between the value of housing being expropriated and the value of housing used for the exchange of property right. If residential housing of an individual is expropriated due to renovation of old urban district and individual chooses to exchange for the property right of housing in the area being renovated, governments at municipal and county levels that make the housing expropriation decision shall provide the housing in the area being renovated or the nearby area.

Construction of a Real Estate Project

When the construction site has been properly prepared and is ready for the commencement of construction works, a developer must apply for a permit for commencement of works from construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by MOHURD in October 1999, as amended in July 2001.

According to the Notice regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permit or report.

Completion of a Real Estate Project

According to the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated and implemented by the State Council on 30 January 2000, the Measures for Reporting Administration of Acceptance Examination upon Completion of Housing Construction Projects and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on 19 October 2009, and the Provisions on Acceptance Examination upon Completion of Housing Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD on 2 December 2013, upon completion of construction of a project, a property developer must apply for the acceptance examination to the property development authority under government at the county level or above and report details of the acceptance examination, upon which a "Record of Acceptance Examination upon Project Completion" will be issued. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (民用建築節能條例), which regulates energy consumption and utilisation efficiency of civil buildings. According to this regulation, the design and construction of new buildings must meet the statutory criteria on energy efficiency for buildings. A project which fails to meet such criteria may not receive approval for commencement of construction or completion acceptance.

IDLE LAND

According to the Measures on the Disposal of Idle Land (閒置土地處置辦法) promulgated by MLR on 28 April 1999, as amended in June 2012, a parcel of land can be defined as idle land under any of the following circumstances:

- the developer fails to commence development and construction of land after one year from the construction commencement date as stipulated in the state-owned construction land use rights grant contract or in the land allocation decision;

- the development and construction of the land has begun, but the area developed and constructed is less than one third of the total area to be developed or the invested amount is less than 25% of the total amount of investment, and development and construction has been continuously suspended for one year.

If the construction works have not yet started after one year from the prescribed date of commencement, an idle land fee of 20% of the land grant premium or allocation price may be imposed on the land user. If the construction works have not begun after two years from the prescribed date of commencement, the right to use the land can be taken back by the state without any compensation. However, the above sanctions may not apply if the delay in commencement of construction is caused by force majeure or acts of government.

On 8 September 2007, MLR promulgated the Notice on Strengthening the Handling of Idle Land (關於加大閒置土地處置力度的通知).This Notice provides the principles of dealing with idle land. The Grant of State-owned Land Use Right can only be transferred after the payment of compensation for land, settlement and completion of the land development at an earlier stage. The notice also prescribes that the State-owned Land Use Right Certificate shall not be issued before the land grant premium for acquisition of land has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

On 3 January 2008, the State Council issued a Notice on Promoting the Economic Use of Land (關於促進節約集約用地的通知) with respect to the collection of additional land premium, establishment of a land utilisation priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice calls for the full and effective use of existing construction land and the preservation of farm land. The notice also emphasises the enforcement of the current rules on assessing idle land fees at a rate equal to 20% of the land premium for any land left idle for over one year but less than two years. The notice also establishes an additional land premium surcharges on idle land and authorises MLR to formulate regulations to implement such surcharges. The notice further urges financial institutions to exercise caution when they process loan applications from property developers that have failed to commence construction, to complete development of at least one-third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice indicates that the relevant governmental authorities will formulate and issue additional rules and regulations on these matters.

MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the above rules on idle land.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (中華人民共和國國防法) promulgated by the NPC on 14 March 1997, as amended on 27 August 2009, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (中華人民共和國人民防空法), or the Civil Air Defense Law, promulgated by the NPC on 29 October 1996, as amended on 27 August 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in construction of civil air defense property and investors in civil air defense are permitted to use (including lease), manage the civil air defense property in time of peace and profit therefrom. However, such use may not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On 1 November 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (人民防空工程平時開發利用管理辦法) and the Administrative Measures for Maintaining the Civil Air Defense Property (人民防空工程維護管理辦法), which specify how to use, manage and maintain the civil air defense property.

MEASURES ON LAND SUPPLY AND MANAGEMENT

In September 2003, MLR promulgated the Notice on Strengthening the Land Supply Management and Promoting the Sustainable Sound Development of Real Estate Market (關於加強土地供應管理促進房地產市場持續健康發展的通知), as amended in December 2010, which provides that land supply for luxury commodity housing must be strictly controlled.

According to the Opinions on Certain Issues relating to Voluntary Examination and Rectifying of Land Market (關於進一步治理整頓土地市場秩序中自查自糾若干問題的處理意見) promulgated by MLR on 13 October 2003, land must be restored to its original use if the development of such land fails to comply with the overall land use requirements, unless such land has been developed for construction and restoration is impossible to achieve, in which case the overall land use requirements shall be modified so the respective amount of basic farmland, cultivated land and land for building will remain unchanged. Similarly, restoration of land to farmland or to its original use is required when a land development project lacks construction feasibility or is short of project funding, even though a proper approval is in place. Idle land that has been supplied for construction purposes shall be disposed of according to relevant stipulation governing idle land. However, exceptions are allowed when pre-approval has been granted by local authorities, or if a project development contract has been executed and between local authorities and developers prior to 1 July 2002. On 31 March 2004, MLR together with the Ministry of Supervision promulgated the Notice of Enforcing and Supervising the Transfer of Operative Land Use Rights through Tenders, Bidding and Public Auction (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知), which expressively required that after 31 August 2004, no transfer of land use rights will be allowed in the form of agreement in the name of issues left over from the past.

On 30 May 2006, MLR promulgated an Urgent Notice on Currently Strengthening Further Strict Land Management (關於當前進一步從嚴土地管理的緊急通知), which provides that land grant for real estate development must be conducted via invitation for bids, auction and listing, and land supply for low to medium-priced and/or small to medium-sized ordinary commercial residential housing (including affordable housing) and for low-rental residential housing must be given priority, and land supply for low-density and/or large-sized residential housing must be strictly restricted. In addition, the notice provides that land supply for new villa project must be suspended.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知) issued by State Council on 29 April 2004 restated the principle of basic farmland protection and the strict administration of the approval process for construction land.

On 31 August 2006, the State Council issued the Notice on Issues relating to Strengthening of Land Control (關於加強土地調控有關問題的通知), which provides for the administration of receipt and disbursement of land premiums, tax policies modification relating to construction land, and establishment of a publicity system for price standards with respect to granted state-owned land use rights.

On 30 September 2007, MLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties in Housing of Urban Low-Income Family and Further Strengthening the Macro-control of Land Supply (關於認真貫徹《國務院關於解決城市低收入家庭住房困難的若干意見》進一步加強土地供應調控的通知) as amended on 3 December 2010, to further enhance the control of land supply, which stipulates that the supply of the land to be developed for low-rent housing, economic housing and housing at low or medium price and of small or medium size must be no less than 70% of the total residential land supply of the current year; the land and resources authorities must control the area of each parcel of land and increase the number of parcels of land to be supplied, in order to prevent the hoarding of land by property developers. Property developers must develop their land according to the terms of the relevant land grant contracts. Generally, the development period of each parcel of land may not exceed three years.

In order to control the land market and promote reasonable land utility, the MLR, the MOF and the PBOC jointly promulgated the Administrative Measures on Land Reserve (土地儲備管理辦法) on 19 November 2007, which regulates the land development and reserve by land reserve entities and affiliates of the land authorities at city or county level, before the land authorities grant land use rights according to relevant laws and regulations. The enterprises must be selected through public tender to conduct the preliminary land development involving road development, supply of water, power and gas, telecommunications, lighting, landscaping and land leveling etc. according to applicable laws and regulations.

On 18 November 2009, the MOF, MLR, PBOC, the Ministry of Supervision and the National Audit Office jointly issued the Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting (關於進一步加強土地出讓收支管理的通知) to require a minimum down payment of 50% of the land premium relating to land purchases from the PRC Government. The notice also provides that the installment period stipulated in the relevant land grant contracts may not exceed one year generally, provided that, for special projects, upon collective approval by the relevant government authorities, the installment period stipulated in the relevant land grant contracts can be two years. Developers will not be permitted to buy new land if they fail to pay such land premium in time in full. The new rules also forbid local governments from giving discounts to developers or allowing developers to delay payments except as stipulated by the State Council.

MLR promulgated the Notice on Problems Regarding Strengthening Control and Monitor of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) on 8 March 2010. According to this notice, the land provision for affordable housing, redevelopment of shanty towns and small/medium residential units for occupier owner should be no less than 70% of total residential construction land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. This notice also requires that the lowest land grant price should not be less than 70% of the benchmark land price in which the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. The land grant contract must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50% and must be paid within one month after the execution of the land grant contract. The remaining payment must be paid in accordance with the land grant contract, but not later than one year. If the land grant contract is not executed in accordance with the requirement above, the land may not be delivered and the deposit may not be returned. If no land premium is paid after the execution of the land grant contract, the land must be withdrawn.

On 21 September 2010, MLR and MOHURD jointly promulgated the Notice of Further Strengthening Control and Regulation of Land and Construction of Property Development (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement;

(iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, MLR promulgated the Notice on Strict Implementation of Policies regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties that have less than 70% of their residential land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of this year; (ii) land and resource authorities in local cities and counties will report to MLR and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for affordable housing which is used for property development against relevant policies or involved illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, changing the plot ratio without approval is strictly prohibited.

In January 2011, the State Council issued the Notice on Issues relating to Further Regulating the Control of Property Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) which specifies that if a real estate developer fails to obtain the construction permits or fails to commence the construction within two years from the designation of land for real estate development, the granted land use rights will be forfeited and an idle land penalty will be imposed. A real estate developer is further restricted from transferring land and real estate development projects if the amount of real estate development investment (excluding the land grant fee) incurred is less than 25% of the total investment amount in respect of the subject project. MLR issued the Notice of Diligently Carrying out Real Estate Land Use Management and Regulation (關於做好2012年房地產用地管理和調控重點工作的通知) on 15 February 2012, requiring land users to submit written reports to land and resources departments at the time of or prior to project commencement and completion.

SALE OF COMMODITY PROPERTIES

Under the Measures for Administration of Sale of Commodity Properties (商品房銷售管理辦法) promulgated by the Ministry of Construction in April 2001,sale of commodity houses may include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Urban Commodity Properties (城市商品房預售管理辦法), or the Urban Pre-sale Regulation, promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a presale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold. A commodity building may be sold before completion only if:

- the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;

- a construction works planning permit and a construction permit have been properly obtained;

- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained; and

- a pre-sale permit has been obtained through pre-sale registration.

Commodity buildings may be put to post-completion sale and delivery after they have passed the completion examination and satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

According to the Urban Real Estate Law and the Urban Pre-sale Regulation, for the pre-sale of a commodity property, the developer must sign a contract on the pre-sale of the commodity property with the purchaser. The developer must, within 30 days of signing the contract, apply for registration and record of the contract for pre-sale of commodity property at the relevant departments of the county-level governments. Property administrative departments are required to use network information technology to gradually implement a web-based registration of pre-sale contracts.

On 9 May 2005, the State Council issued the Circular on Forwarding the Opinion of MOHURD and Other Department on Doing Well on Stabilising Residential Property Prices (關於做好穩定住房價格工作的意見) which provides the following with respect to commodity property pre-sales and sales:

- The purchaser of a pre-sold commodity property is prohibited from transferring such property that is still under construction. Before a pre-sold commodity property is completed and delivered and the purchaser obtains the individual property ownership certificate, the property administrative department must not give effect to any transfer of the commodity property. If there is discrepancy between the name of the applicant for property ownership and the name of the purchaser in the sales contract, the property ownership registration administration must not record the application of property ownership; and

- A real name identification system must be applied to house purchase and an immediate record filing network system for pre-sale contracts of commodity buildings must be established.

On 13 April 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (關於進一步加強房地產市場監管完善商品住房預售制度的有關問題的通知). Pursuant to the notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developers are not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

Pursuant to the Administration of sale of commodity properties (商品房銷售管理辦法) promulgated by the Ministry of Construction on 4 April 2001 which became effective on 1 June 2001, a property developer shall not sell uncompleted commercial properties through after-sale lease guarantee or by any such means in covert forms. After-sale lease guarantee stipulated in the aforementioned regulatory measures refers to that a property developer sells commodity houses by making commitment to lease back or assist buyers in renting out commercial properties within a certain period after sale. A property developer may not sell commercial properties by means of cost-returned sale or any such means in disguised forms. The cost-returned sale in these measures refers to an arrangement under which a property developer sells commercial properties and refunds periodically to the purchaser certain portions of the sales proceeds.

Deposits For Pre-sale Proceeds Supervision in Jinan

Pursuant to the Implementing Rules for the Supervision of Pre-sales Proceeds in Jinan City (濟南市商品房預售款監管實施細則) promulgated by the Jinan Construction Committee on 1 November 2005, and the Notices on the Adjustment of the Supervision Method Under the Implementing Rules for the Supervision of Pre-sale Proceeds in Jinan City (關於調整《濟南市商品房預售款監管實施細則》監管方式的通知) on 2 November 2009, the supervision methods regarding pre-sale proceeds under the aforesaid rules and notices include the supervision of bank guarantees or deposits for pre-sale proceeds paid by the property developer. The Jinan Real Estate Association, on behalf of the purchaser of the property pre-sold, will supervise the use of the pre-sale proceeds by the property developer. The amount of deposits payable by the property developer for the supervision of the use of pre-sale proceeds is determined with reference to the progress of construction works and the credit rating situation of commodity housing in Jinan. The deposits will be refunded to the property developer by installments in accordance with the progress of construction works.

LEASING OF BUILDINGS

The Measures for Administration of Lease of Commodity Housing (商品房屋租賃管理辦法) promulgated by the MOHURD on 1 December 2010 and implemented on 1 February 2011, requires parties to a leasehold arrangement of a property shall register the leasing agreement with property administrative authorities within 30 days after entering into such leasing agreement under local government at the city or county level where the property is situated. In addition, enterprise may be imposed a fine of RMB1,000 to RMB10,000 and individuals of RMB1,000 or less if they do not register leasing agreement within time limit required by competent authorities.

MORTGAGE OF REAL ESTATE

Under the Urban Real Estate Law, the Guarantee Security Law of the People's Republic of China (中華人民共和國擔保法) promulgated by the NPC on 30 June 1995 and implemented on 1 October 1995, when a mortgage is created on a property legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the property is situated. The land use rights of state-owned lands acquired through means of grant, when being mortgaged, the properties on the land must also be mortgaged at the same time. The mortgager and the mortgagee must sign a mortgage contract in writing. According to Measures on the Administration of Mortgage of Urban Real Estate (城市房地產抵押管理辦法) promulgated by the Ministry Construction of PRC on 15 August 2001, within 30 days after a property mortgage contract is signed, the parties to the mortgage must register the mortgage with the property administrative authority at the location where the property is situated. A property mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a building ownership certificate has been obtained, the registration authority must make an entry under the "third party rights" item on the original building ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity property put to pre-sale or under construction, the registration authority will record the details on the mortgage contract. If construction of a property is completed during the term of a mortgage, the parties involved must re-register the mortgage of the property after issuance of the certificates evidencing the ownership of the property.

The Property Rights Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

LOAN FOR REAL ESTATE

The PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business (關於進一步加強房地產信貸業務管理的通知) on 5 June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity properties as follows:

- The property loan by commercial banks to property enterprises must be granted only by the item of property development rather than cash flow loan item or other loan item. Any kind of loan cannot be granted for the projects which do not have land-use rights certificates, construction land planning permits, construction works planning permits and construction permits;

- Property loans may be granted to property enterprises who are qualified for property development, rank high in credibility and have no overdue payment for construction. Such loans must be given in full support of residential housing projects which conform to the purchasing capacity of families with medium-to-low income, and must be properly restricted where projects involve building properties of large size and/or cover large area, such as luxury commodity houses and villas. For property enterprises with commodity houses of high vacancy rate and debt ratio, strict approval procedures must be applied to their new property development loans and their activities must also be subject to close monitoring;

- Commercial banks may not grant loans to property developers to pay off land premium;

- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment remains to be 20%.In respect of his loan application for additional purchase of residential unit(s), the percentage of the first installment must be increased; and

- When a borrower applies for a mortgage loan for an individual commercial use building, the mortgage ratio may not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity building must be duly completed and accepted after the relevant governmental inspection.

The first installment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 sq.m. or more, effective on 26 March 2005. See "— Measures on Stabilising Housing Price" below.

In a Circular on Facilitating the Continuously Healthy Development of Property Market (關於促進房地產市場持續健康發展的通知) issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high quality commodity houses. Besides, the government also staged a series of measures on the lending for residential development.

They included, among others, strengthening efforts in housing provident fund collection and the granting of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on 30 August 2004, any property developer applying for property development loans must have at least 35% of capital required for the development.

According to the Notice of the PBOC on the Adjustment of Commercial Bank Housing Credit Policies and the Interest Rate of Excess Reserve Deposit (中國人民銀行關於調整商業銀行住房信貸政策和超額存款準備金存款利率的通知), promulgated by the PBOC on 16 March 2005, from 17 March 2005, in the cities and areas where the price of houses grows too quickly, the first installment of individual home loans increases from 20% to 30%. The commercial banks can independently determine the specific cities or areas under such adjustment according to special situations in different cities or areas.

In September 2007, the PBOC and the CBRC promulgated a Circular on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知). The circular aims to tighten the control over real-estate loans from commercial banks to prevent excessive credit granting. The measures adopted include:

- for a commercial property buyer, (i) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (ii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark lending interest rate, (iii) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are allowed flexibility based on its risk assessment;

- for a purchaser of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties;

- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties;

- prohibiting commercial banks from lending to property developers solely for the payment of land premiums; and

- commercial properties purchased by loans must have been completed and passed completion acceptance inspection.

On 5 December 2007, PBOC and CBRC jointly issued the Supplemental Circular on Strengthening the Management of Commercial Real-estate Credit Loans (關於加強商業性房地產信貸管理的補充通知), which clarifies that the times of property mortgage loans should be calculated on a family basis, including the borrower and his spouse and minor child.

On 22 October 2008, PBOC promulgated the Notice on Several Issues regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) which provides that, as of 27 October 2008, the ratio of down payments will be modified. The minimum interest rate for commercial individual housing loans will be 70% of the benchmark loan interest rate and the minimum down payment ratio will be adjusted to 20%. Related matters are as follows:

- Loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on the following factor: whether or not it is the first time for the borrower to buy the house, whether or not the house is used for self occupancy, whether or not the house type and GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity.

- Financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for their first purchase of ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may properly raise the loan conditions.

- As to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion thereof, in accordance with Section 1 of this notice, on the basis of reasonable assessment of loan risks and according to the original loan contracts. The down payment ratio under the original loan contracts shall remain effective.

- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

The Notice on Promoting Economic Use of Land through Finance (關於金融促進節約集約用地的通知) Issued on 29 July 2008, emphasises that the financial institutions should tighten their financing for construction projects, municipal infrastructures and industrial land use projects, rural collective construction land use projects, and commercial real estate projects. The commercial banks are prohibited from granting loans to property developers for payment of land premium and to the property projects such as the followings:

- construction projects that fall into the category of prohibited land use projects;

- property development projects on land earmarked for use as rural collective construction land; and

- property development projects where the relevant land has been idle for two years or more.

On 29 September 2010, PBOC and CBRC jointly issued the Notice on Relevant Issues regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), according to which, the minimum down-payment has been raised to 30% of or all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third or additional residential property. For a mortgage on the second residential property, the down-payment must not be less than 50% of the purchase price and the interest rates must not be less than 1.1 times the base rate. All banks are prohibited from lending for the purposes of new development projects by property companies that have a record of speculating on idle land, changing the land use and nature, delaying development time, manipulating market prices or performing other non-compliant conducts.

REAL ESTATE MANAGEMENT

According to the Regulation on Property Management (物業管理條例) enacted by the State Council on 8 June 2003, effective 1 September 2003, and as amended on 26 August 2007, the government implements a qualification scheme system in monitoring the property service enterprises. Under the Measures for the Administration of Qualifications of Property Service Enterprises (物業服務企業資質管理辦法) promulgated by the MOHURD in March 2004 and amended in November 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authorities. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property service without completion of such qualification assessment conducted by the relevant government authorities with a qualification certificate obtained.

According to the above MOHURD measures, the qualification of a property service enterprise is classified into three classes. Property service enterprises with class one qualification may undertake various real estate management projects. Property service enterprises with class two qualification may undertake the property management business of residential projects of less than 300,000 sq.m. and the non-residential projects of less than 80,000 sq.m. Property service enterprises with class three qualifications may undertake the property management business of residential projects of less than 200,000 sq.m. and non-residential projects under 50,000 sq.m. MOHURD is responsible for the issuance and administration of class one qualification certificates. The MOHURD authorities at provincial level governments are responsible for the issuance and administration of class two qualification certificates. Designated MOHURD or similar authorities at lower governments are charged with the issuance and administration of class three qualification certificates.

Qualifications of property service enterprises are subject to inspections on an annual basis. Such annual inspections on the property service enterprises of varied classes of qualifications are conducted by the corresponding MOHURD authorities with jurisdiction of initial qualification examination and approval.

In accordance with the above-mentioned Regulation on Property Management and the Property Rights Law, owners in a property project may engage or dismiss its property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the project.

INSURANCE OF A PROPERTY PROJECT

There are no mandatory provisions under the PRC laws, regulations and government rules which require a real estate developer to take out insurance policies for its real estate developments.

According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies are often required by the developers to pay for the insurance premium and take out insurance to cover their liabilities, including third party's liability risks, employer's liability risks, risks of nonperformance of contract in the course of construction and other risks associated with the construction and installation works throughout the construction period. The insurance coverage for all such risks will typically cease immediately upon the issuance of the certificate of completion for the relevant project.

MEASURES ON STABILISING HOUSING PRICE

The General Office of the State Council promulgated a Circular on Stabilising Housing Price (關於切實穩定住房價格的通知) in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction, NDRC, the MOF, the MLR, the PBOC, the SAT and the CBRC jointly issued the Opinions on Stabilising Housing Prices (關於做好穩定住房價格工作的意見) with the following guidance:

- where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorised to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdiction.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.

- Commencing from 1 June 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy all the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filled with the relevant government agencies electronically immediately after its execution.

On 24 May 2006, the General Office of the State Council issued the Opinions of the Ministry of Construction and Other Departments on Adjusting the Housing Supply Structure and Stabilising the Housing Prices (關於調整住房供應結構穩定住房價格的意見). The regulations on the property credit of this are as follows:

- Strictly impose credit conditions on property development. In order to suppress property development enterprises from storing up land housing resources by use of bank loans, commercial banks shall not provide loans to those property enterprises that fail to meet loan conditions, for example, having a project capital less than 35%. For property development enterprises that have much idle land and vacant commodity properties, the commercial banks shall, in light of the principle of prudential operations, be stricter in controlling the renewal of loans or any form of revolving credit. The commercial banks shall not accept any commodity property that has been idle for more than three years as collateral for loans; and

- From 1 June 2006, the proportion of initial payment of individual housing mortgage loans shall not be lower than 30%. However, considering the demands for housing by the medium and low-income populations, the purchase of self-used housing with loans with gross floor area no more than 90 square meters is still subject to the provisions of the initial payment of housing at 20%.

In December 2008, the State Council issued the Opinions on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self-occupied housing for the first-time by borrowing a mortgage loan must enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self- occupied housing for the first time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self-occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate must be determined by the commercial banks based on the benchmark interest rate and the banks' risk assessments.

On 7 January 2010, the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilise market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price.

In April 2010, the State Council issued the Notice on Resolutely Curbing the Soaring of Housing Prices in Some Cities (關於堅決遏制部分城市房價過快上漲的通知), which increases (i) the amount of down payment to 30% of the property price for the purchase of the first property over 90 sq. m.; (ii) the amount of down payment to 50% of the property price for the purchase of the second property and the mortgage interest rate to be no less than 1.1 times the benchmark rate in China and (iii) the amount of down payment and the mortgage interest rate for additional properties significantly as determined by the banks in accordance with their risk management policies.

On 29 September 2010, the MOF, the SAT and MOHURD jointly issued the Notice on Adjustments to Deed Tax and Individual Income Tax on Real Estate Transactions (關於調整房地產交易環節契稅個人所得稅優惠政策的通知), according to which, the deed tax will be reduced to 50% on the purchase of an ordinary residence for a family(including the purchaser, his/her spouse and children under 18) purchasing their first residence that is also the only housing belonging to the family; in such a case, if the unit floor area is less than 90 sq.m., the deed tax will be at 1%. Purchaser of a residence within one year after his/her sale of former residence will not enjoy the same individual income tax exemption.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Strengthening Regulation and Control of Real Property Markets (關於進一步做好房地產市場調控工作有關問題的通知) requiring, among other restrictive measures: (i) a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate (the "Specified Cities"), local residents(including their spouses and minor children) with two or more residential properties, non-local residents with one or more residential properties and non-local residents that are unable to provide documentation certifying payment of local tax or social security for a specified time period, are not permitted to purchase any (further) residential properties located in the Specified Cities.

In connection with the aforesaid notices issued by the State Council, various municipal governments where we have been developing real estate projects have promulgated measures to further control the property markets in their respective cities which include:

Nanchang

On 20 January 2011, the Nanchang Municipal Government issued the Notice on the Notice on Further Implementation of the Supplemental Opinions on General Real Estate Control Policies and Help the Stable and Health Growth of the Real Estate Market (關於進一步貫徹落實國家宏觀調控政策促進房地產市場平穩健康有序發展的補充意見的通知), under which each household is allowed to purchase only one new residential properties in the five downtown area of the city since 1 February 2011.

On 20 February 2011, Nanchang Municipal Government further issued Opinions on Nanchang Municipal's Implementation of State Counsel's Notice on Further Conduct Real Estate Market Control Work (南昌市貫徹落實國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知的意見), under which the minimum down payment in respect of mortgage loans on purchase of the second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate. In addition, properties are not allow to sell to the Nanchang resident household who have already purchased two or more residential properties or non-Nanchang resident households who have purchased one or more residential properties or non-Nanchang resident households who are not able to provide a local tax payment certificate or social security certificate for more than one year.

Jinan

On 21 January 2011, Jinan Municipal Government issued the Notice on Further Implementation of the Real Estate Control Policies and Help the Stable and Health Growth of the Real Estate Market (關於進一步貫徹落實房地產調控政策促進房地產市場健康平穩發展的通知), under which the minimum down payment in respect of mortgage loans on purchase of the residential properties is 30% of the purchase price. For the resident households who purchase the second residential properties, the minimum down payment in respect of mortgage loans increased to 50% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate. In addition, each Jinan or non-Jinan resident household is allowed to purchase only one new residential property in the seven downtown area of the Jinan city until 31 December 2011.

On 17 February 2011, the General Office of Shandong Province Government issued the Notice on Implementation of the Guo Ban Fa [2011] No.1 and Further Improving and Strengthening the Real Estate Control Policies (關於貫徹國辦發[2011]1號文件進一步改進和加強房地產市場調控的通知).

Pursuant to the Notice, in principle, no properties are not allow to sell to the Jinan resident household who have already purchased two or more residential properties or non-Jinan resident households who have purchased one or more residential properties or non-Jinan resident households who are not able to provide a local tax payment certificate or social security certificate for more than one year.

Tianjin

On 18 February 2011, the General Office of Tianjin Municipal Government issued the Notice on Implementation of the Spirit of the Document of the General Office of the State Council and Further Carrying Out Well the Real Estate Control Policies In Our City (關於貫徹國務院辦公廳文件精神進一步做好我市房地產市場調控工作實施意見的通知). Pursuant to the Notice, the minimum down payment in respect of mortgage loans on purchase of the second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate. Moreover, the Tianjin resident households who have already purchased one residential property, non-Tianjin resident who are able to provide one year's tax payment and social security payment are allowed to purchase only one residential property. No properties are not allow to sell to the Tianjin resident household who have already purchased two or more residential properties or non-Tianjin resident households who have purchased one or more residential properties or non-Tianjin resident households who are not able to provide a local tax payment certificate or social security certificate for more than one year.

Quanzhou

On 25 March 2011, the Quanzhou municipal government office issued the Notice on Implementation Opinions of Further Carrying Out Well the Real Estate Control Work (關於進一步做好房地產市場調控工作的實施意見), pursuant to which, the minimum down payment in respect of mortgage loans on purchase of the second residential properties is 60% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate, the minimum down payment in respect of housing provident fund mortgage loans on purchase of the second residential properties is 50% of the purchase price and the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate.

Shenzhen

Pursuant to the Circular of the Office of Shenzhen People's Government on Further Improvement of Control over Our Real Estate Market to Guarantee the Annual Target of Controlling New Housing Price (深圳市人民政府辦公廳關於進一步做好我市房地產市場調控工作確保年度新建房價控制目標的通知) (Shen Fu Ban [2011] No.30) promulgated and implemented by the Shenzhen Municipal Government on 29 March 2011, the tax payment proof provided by any household without a local registered residence of Shenzhen at the time of home purchase must fulfil the condition of continuous payment in the recent 12 months or more (excluding delayed payment). For the social insurance payment proof provided by any household without a local registered residence at the time of home purchase, it must satisfy one of the following conditions: (i) the continuous payment of pension and medical insurance in the recent 12 months or more; (ii) the continuous payment of pension and work injury insurance in the recent 12 months or more; or (iii) the continuous payment of medical insurance and work injury insurance in the recent 12 months or more.

On 31 October 2013, the Shenzhen Central Sub-branch of the PBOC promulgated the Notice of Adjusting the Differentiated Credit Extension Policies Based on Housing Types in Shenzhen City (關於調整深圳市差別化住房信貸政策的通知), which raises the percentage of the minimum down payment for second-home purchases from 60% to 70% of the total purchase price from 6 November 2013. The notice also reiterates the relevant national differentiated credit extension policies based on housing types, namely the minimum down payment shall be 30% of the purchase price of the first commodity residential property, and commercial banks shall suspend granting mortgage loans to families that purchase a third or further residential property.

On 27 January 2011, the MOF and SAT jointly issued the Notice on Adjusting the Business Tax Policies upon Transferring Residential Properties by Individuals (關於調整個人住房轉讓營業稅政策的通知). Pursuant to the notice, business tax will be levied upon the transfer of a residential property by an individual within five years from the date of purchase and the business tax to be levied will be calculated based on the full amount of the sale proceeds. For an individual transferring a non-ordinary residential property after five years from the date of purchase, the business tax to be levied will be calculated based on the difference between the sale proceeds and the purchase price. An individual transferring an ordinary residential house after five years from the date of purchase will be exempt from the business tax.

The State Council General Office of the PRC promulgated the Notice on Further Regulation and Control of Real Estate Market (關於繼續做好房地產市場調控工作的通知) on 26 February 2013, introducing six policy measures to control the real estate market, including: (i) improving the accountability system for stabilisation of house prices; (ii) strictly controlling over house purchase for speculation; (iii) increasing the supply of ordinary residential houses and the land supply for residential houses; (iv) accelerating the planning and construction of subsidised housing projects; (v) tightening the market regulations and forecast management; (vi) accelerating the establishment and optimisation of the long-term mechanism for the healthy development of the real estate market.

The highlights of the measure for “control over house purchase for speculation” under the notice are as follows:

- Continuous enforcement of stringent restrictions on commodity housing purchases;
- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments;
- The taxation department and the housing and urban-rural development department shall work closely together to impose person income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

The notice also stipulated that if the number of small- and medium-sized units of a general commodity housing project accounted for more than 70% of the total units to be constructed, the banking financial institutions shall give priority to the financing need of the development of the project subject to credit conditions. In addition, the local authorities shall strengthen the pre-sale fund management and improve their regulatory systems. For overpriced pre-sale commodity housing projects in breach of the guidance of the housing and urban-rural development department or the regulations on pre-sale fund, the approval and issuance of the pre-sale permits may be suspended.

In connection with the aforesaid notices issued by the State Council on 26 February 2013, municipal governments of various cities where we have current property development projects have promulgated measures to further control the respective local real estate markets as follows:

Nanchang

On 23 November 2013, the General Office of Nanchang Municipal Government issued the Opinions on Further Conduct Real Estate Market Control Work (關於進一步做好房地產市場調控工作的意見), introducing six policy measures to control the real estate market of Nanchang City: (i) increasing the land supply for residential houses; (ii) accelerating the construction of ordinary residential houses to ensure effective supply; (iii) controlling unconscionable housing consumption; (iv) guiding the property developers to price their properties rationally; (v) promoting the construction of subsidised housing projects; and (vi) strengthening the regulation of the real estate market.

The specific measures for "controlling unconscionable housing consumption" under the opinions include:

- the Nanchang branches of the PBOC will further increase the proportion of down payments for second-home buyers according to price control targets and policy requirements of Nanchang City; and

- on the basis of continuous enforcement of stringent restrictions on commodity housing purchases, the period of a local tax payment certificate or social security certificate for non-Nanchang resident households who are permitted to purchase any residential properties is increased from one year to two years.

In December 2013, the Nanchang Central Sub-branch of the PBOC promulgated the Notice of Adjusting the Differentiated Credit Extension Policies Based on Housing Types in Nanchang City (關於調整南昌市差別化住房信貸政策的通知), which raises the percentage of the minimum down payment for second-home purchases from 60% to 70% of the total purchase price from 15 December 2013. The notice also reiterates the relevant national differentiated credit extension policies based on housing types, namely the minimum down payment shall be 30% of the purchase price of the first commodity residential property, and commercial banks shall suspend granting mortgage loans to families that purchase a third or further residential property.

Tianjin

On 31 March 2013, the General Office of Tianjin Municipal Government issued the Implementation Opinions on Further Conduct Tianjin's Real Estate Market Control Work (關於進一步做好我市房地產市場調控工作的實施意見), which includes the implementation of opinions on strict control over purchase of properties for speculation and continuous enforcement of differential policy for housing credit. Specifically, the relevant governmental authority should strictly execute a preliminary examination and re-examination of the qualification for households purchasing their residence and the number of the properties the households have purchased. Moreover, banking and financial institutions should strictly execute the policies for second housing credit and continue to suspend the housing credit for purchasers of their third or more properties.

Hefei

On 30 March 2013, the Hefei Municipal Government issued the Notices on the Relevant Issues of the Price Control Target in 2013 for Newly-built Residential Housing in Hefei City (關於2013年度全市新建商品住房價格控制目標等有關問題的通知), which adopted a series of measures to control the residential housing price, including among others: (i) increasing the supply of ordinary residential houses and the land supply for residential houses; (ii) accelerating the construction of subsidised housing projects; (iii) strengthening the regulation of transaction order of residential housing; and (iv) strictly executing the policy of clear pricing for the sales of commodity housing.

Shenzhen

The Notice of the General Office of People's Government of Shenzhen City on Continuing Adjustment and Control of Property Markets (深圳市人民政府辦公廳關於繼續做好房地產市場調控工作的通知) (Shen Fu Ban [2013] No.12) issued and implemented on 28 March 2013 sets forth specific measures for carrying out the Circular of the General Office of the State Council on the Further Strengtheningthe Macroeconomic Controls on the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), including among others: (i) strengthening the levy of tax on property; (ii) strictly implementing differentiated credit extension policies based on housing types; (iii) strictly enforcing the purchase restrictions imposed on commodity housing; and (iv) further strengthening the market regulation and expectation management of the property market.

MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

Enterprise Income Tax

According to the EIT Law, a uniform income tax rate of 25% is currently applied to foreign-invested and wholly foreign owned enterprises in China as well as PRC enterprises. Furthermore, the EIT Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors to the extent derived from sources within mainland China, unless there exists a tax treaty between China and the relevant jurisdictions in which such non-PRC enterprise shareholders reside, in which case the relevant tax may be reduced or exempted pursuant to the tax treaty. However, pursuant to the Implementation Rules on the Enterprise Income Tax (企業所得稅法實施條例) promulgated by the State Council on 6 December 2007 and effective 1 January 2008, a reduced withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on 21 August 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after 1 April 2007 and in mainland China to any year commencing on or after 1 January 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary.

In addition, under the EIT Law, enterprises established under the laws of jurisdictions outside China with their "*de facto* management bodies" located within mainland China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The EIT Law provides that "de facto management body" of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise.

The EIT Law also provides a five-year transition period starting from its effective date of 1 January 2008 for those enterprises which were established before the promulgation date of the EIT Law and which were entitled to a preferential lower income tax rate under the previously effective tax laws or regulations. The income tax rate of such enterprises will gradually transit to the uniform tax rate of 25% within the transition period. On 26 December 2007, the State Council issued the Circular on Implementing the Transitional Preferential Policies for the Enterprise Income Tax (關於實施企業所得稅過渡優惠政策的通知), under which, for enterprises established before 16 March 2007 and entitled to a preferential income tax rate of 15% under the effective tax laws or regulations prior to the promulgation date of the EIT Law, the transitional income tax rate should be 18%, 20%, 22%, 24% and 25% respectively in 2008, 2009, 2010, 2011 and 2012.

According to the Notice on the Prepayment of Enterprise Income Tax of the Real Estate Development Enterprises (關於房地產開發企業所得稅預繳問題的通知) issued by the SAT on 11 April 2008 and effective on 1 January 2008, where a real estate development enterprise prepays the corporate income tax by quarter (or month) according to the current actual profit, for the incomes generated from the advance sale prior to the completion of such development products as the dwelling houses, commercial houses and other buildings, fixtures, supporting establishments etc., which are developed and built by the real estate development enterprise, the tax prepayment thereof must be paid by calculating the estimated profit, which is calculated by quarter (or month) according to the preset estimated profit rate and incorporated into the total profit, and it must be readjusted according to the actual profit after the development products are completed and the tax costs are settled.

On 6 March 2009, the SAT issued the Notice on the Measure Dealing with Income Tax of Enterprise Engaged in Real Estate Development (房地產開發經營業務企業所得稅處理辦法) effective on 1 January 2008, which specifically stipulates the rules regarding tax dealing cost of income, tax dealing of cost deduction, verification of calculated tax cost and tax dealing on certain item with respect to the real estate development enterprise according to the EIT Law and its implementation rules.

On 24 August 2009, the SAT issued the Notice Regarding the Publishing of the Administrative Measures for Non-residents to Enjoy the Treatment Under Taxation Treaties (Trial) (關於印發《非居民享受稅收協定待遇管理辦法(試行)》的通知), effective on 1 October 2009, and its supplemental regulation promulgated and effective on 21 June 2010, which provide that prior approvals from the relevant local tax authorities are required before a non-resident taxpayer may enjoy any benefits under the relevant taxation treaties.

On 12 May 2010, the SAT promulgated the Notice on the Confirmation of Completion Conditions for Development of Products by Property Development Enterprises (關於房地產開發企業開發產品完工條件確認問題的通知), which provides that a property will be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Property developers must conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Business Tax

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council on 13 December 1993 and implemented on 1 January 1994 and as amended on 10 November 2008, and the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued and implemented by the MOF on 25 December 1993 and as amended on 15 December 2008 and 28 October 2011, services in China are subject to business tax. Taxable services include sale of real property in China. The business tax rate is from 3% to 20% depending on the type of services provided. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

Land Appreciation Tax ("LAT")

According to the requirements of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the "Land Appreciation Tax Provisional Regulations") which was promulgated by the State Council on 13 December 1993 and effected on 1 January 1994, and as amended on January 8, 2011 and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) (the "Land Appreciation Tax Detailed Implementation Rules") which was promulgated by the MOF and came into effect on 27 January 1995, any appreciation gain from a transfer of property is subject to LAT. LAT must be charged at four levels of progressive rates: 30% for the appreciation amount not more than 50% of the sum of deductible items; 40% for the appreciation amount more than 50% but not more than 100% of the sum of deductible items; 50% for the appreciation amount more than 100% but not more than 200% of the sum of deductible items; and 60% for the appreciation amount more than 200% of the sum of deductible items. The related deductible items aforesaid include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for development of land;

- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;

- related tax payable for transfer of property; and

- other deductible items as specified by the MOF.

According to the requirements of the Land Appreciation Tax Provisional Regulations, the Land Appreciation Tax Detailed Implementation Rules and the Notice on the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts Signed before 1 January 1994 (關於對1994年1月1日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知) issued by the MOF and the SAT on 27 January 1995, LAT shall be exempted under any of the following circumstances:

- taxpayers construct ordinary standard residents for sale (i.e. the residents built in accordance with the local standard for general civilian used residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residence) and the appreciation amount does not exceed 20% of the sum of deductible items;

- property is taken back and repossessed according to laws due to the construction requirements of the state;

- due to redeployment of work or improvement of living standard, individuals transfer self-used residential property, in which they have been living for 5 years or more, subject to tax authorities' approval;

- transfers of real properties under property transfer contracts signed before 1 January 1994, regardless of when the properties are transferred;

- if the property development contracts were signed before 1 January 1994 or the project proposal has been approved and that capital was injected for development in accordance with the conditions agreed, the LAT shall be exempted if the properties are transferred within 5 years after 1 January 1994 for the first time. The date of signing the contract shall be the date of signing the Sale and Purchase Agreement. Particular properties projects which are approved by the government for the development of the whole lot of land and long-term development, of which the properties are transferred for the first time after the 5-year tax-free period, the tax-free period may be appropriately prolonged subject to the approval of the MOF and the SAT.

After the issuance of the Land Appreciation Tax Provisional Regulations and the Land Appreciation Tax Detailed Implementation Rules, due to the longer period for property development and transfer, many districts, while they were implementing the regulations and rules, did not force the property development enterprises to declare and pay the LAT. Therefore, the MOF, the SAT, Ministry of Construction and the MLR had separately and jointly issued several notices to restate the following: after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the property is located, and pay LAT in accordance with the amount as calculated by the tax authority and the time as required. For those who fail to acquire proof of payment or exemption from LAT from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

The SAT issued the Notice on Improvement of the Administration of the Collection of Land Appreciation Tax (關於認真做好土地增值稅徵收管理工作的通知) on 10 July 2002 to require local tax authorities to modify their management system of LAT collection and operational details, to formulate and implement a sound taxpaying declaration system for LAT, to modify the methods of prepayment for the pre-sale of properties. The notice also pointed out that either for the properties development contract which were signed before 1 January 1994 or where the project proposal has been approved and capital was injected for development, the privilege policy for LAT exemption for the properties that are transferred for the first time is expired, and such tax shall be levied again. This requirement is restated in the Notice on Strengthening of Administration of the Collection of Land Appreciation Tax (關於加強土地增值稅管理工作的通知) and Notice of State on Further Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) issued separately on 2 August 2004 and 5 August 2004 by the SAT. These two Notices also required that the system of tax declaration and tax sources registration in relation to the LAT should be further established and perfected.

On 1 August 2006, the local bureau of Shenzhen issued the Notice on Relevant Issues regarding Deductible Items for Land Appreciation Tax (關於土地增值稅扣除項目有關問題的通知), which mainly specifies the issues such as the deductible items for LAT and the tax payable for the sale of remaining units of properties.

On 2 March 2006, the MOF and the SAT issued the Notice on Several Matters on Land Appreciation Tax (關於土地增值稅若干問題的通知) to clarify the relevant issues regarding LAT as follows:

- Due to certain LAT exemption available to the sale of ordinary residential properties built by taxpayers and to the transfer of ordinary residential properties by individual owners, the notice sets out the standards for ordinary residential properties;

- The notice also provides that, where any developer develops ordinary residential properties as well as commercial properties, the land appreciation amount must be separately calculated and verified;

- As to the advance collection and settlement of LAT, the notice requires all local LAT collection departments to design their LAT prepayment rate in a scientific and reasonable manner, and to adjust it on a timely basis according to the appreciation of the property, the local market development and the specific property categories, such as ordinary residential properties, non-ordinary residential properties and commercial properties. The notice also require that LAT settlement be conducted upon the completion of a property project in a timely manner, with any overpayment refunded and underpayment made up;

- As to any LAT that has not been prepaid within the advance collection period, the overdue fines must be imposed and collected as of the day following the expiration of the prescribed advance collection period according to the relevant provisions of the LAT laws and regulations; and

- As to any property project that has been completed and in receipt of certificate of completion, and the saleable GFA of the project that has been transferred constitutes more than 85% of the total saleable GFA, the tax authorities may require the relevant taxpayer to complete the settlement of LAT on the transferred properties in proportion to the income generated from, and items of deduction relating to, the transferred properties, with the specific LAT settlement procedures to be provided by local tax authorities at provincial-level governments.

On 28 December 2006, the SAT issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知), which came into effect on 1 February 2007. Pursuant to the notice, a property developer must settle the LAT payment in full with the relevant tax authorities at the applicable LAT rates with respect to its property projects that have come to meet the LAT settlement criteria. For projects developed in stages, LAT must also be settled in stages. LAT must be settled if (i) the property project has been completed and fully sold; or (ii) the property developer has transferred the whole incomplete property project to another party; or (iii) the underlying land use rights with respect to a property project has been transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if any one of the following criteria is met: (i) for completed property projects, the sold GFA represents more than 85% of total saleable GFA or, if such proportion is less than 85%, the remaining saleable GFA is subject to leasing arrangements or is used by the developer; (ii) the property project has not been completely sold for more than three years after obtaining the pre-sale permit or the certificate of completion; (iii) the developer is applying for cancellation of its tax registration without having settled the relevant LAT; and (iv) other situations stipulated by the local provincial tax authorities.

The notice also provides that, if a property developer has committed any of the following acts, the tax authorities are required to levy and collect LAT at a rate no lower than the LAT pre-payment rate of enterprises with a similar development scale and income level in the locality: (i) failure to maintain its accounting books required by the laws and regulations; (ii) destruction of its accounting books without authorisation or failure to provide its tax information; (iii) its accounting books are not in proper order, with its supporting income and cost vouchers damaged and incomplete, so as to make it difficult to determine the sales revenue or the proper amount of deductible items; (iv) failure to complete the LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; or (v) the basis for tax calculation as submitted is obviously lower than supportable. Local tax authorities at the provincial level may formulate their implementation rules according to the notice and local circumstances.

On 12 May 2009, the SAT issued the Administrative Rules for the Settlement of Land Appreciation Tax (土地增值稅清算管理規程), which became effective on 1 June 2009. The rules reiterate the LAT settlement requirements, and further stipulate procedures for the examination and verification with respect to the LAT settlement to be followed by the tax authorities.

On 19 May 2010, the SAT promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement (關於土地增值稅清算有關問題的通知), which provides further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

On 25 May 2010, the SAT issued the Notice on Strengthening the Collection Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which provides for a minimum LAT prepayment rate at 2% for provinces in eastern China region, 1.5% for provinces in the central and northeastern China regions, and 1%for provinces in the western China region. The notice also delegate to the local tax authorities to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

Deed Tax

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on 7 July 1997 and implemented on 1 October 1997, a transferee, whether an individual or otherwise, of the title to a piece of land or a building in China is obligated to pay a deed tax. The rate of deed tax ranges from 3% to 5% to be determined by the governments at the provincial level and reported to the MOF and the SAT for the record.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on 27 September 1988, implemented on 1 November 1988, and amended on 8 January 2011, the land use tax in respect of urban land is levied according to the location of relevant land. The annual tax on each sq.m. of urban land is between RMB0.2 and RMB10 and is to be collected according to the tax rate determined by the local tax authorities. These provisional regulations, as amended, became applicable to foreign-invested enterprises since 1 January 2007, with the such annual land use tax on each sq.m. of urban land between RMB0.6 and RMB30 to be collected according to the tax rate determined by the local tax authorities.

Building Tax

Under the Interim Regulations of the People's Republic of China on Real Property Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on 15 September 1986, implemented on 1 October 1986 and amended on 8 January 2011, real property tax is levied at 1.2% calculated on the basis of the residual value of a property and at 12% calculated on the basis of the rental income.

Stamp Duty

Under the Interim Regulations of the People's Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on 6 August 1988, implemented on 1 October 1988, and amended on 8 January 2011, for property transfer instruments, including those relating to property ownership transfers, a stamp duty is levied at 0.05% of the transfer price. For permits and certificates relating to rights, including property ownership certificates and land use rights certificates, a stamp duty is levied at RMB5 per item.

Municipal Maintenance Tax

Under the PRC Interim Regulations on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on 8 February 1985, and amended on 8 January 2011, taxpayers, whether individuals or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax calculated on the basis of their product tax, value-added tax and business tax liabilities. The municipal maintenance tax is levied at 7% for a taxpayer domiciled in an urban area, 5% for a taxpayer domiciled in a county or a town, and 1% for a taxpayer domiciled in any other area.

According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) issued by State Council on 18 October 2010, the municipal maintenance tax will be applicable to FIEs since 1 December 2010.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on 28 April 1986 and amended on 7 June 1990, 20 August 2005 and 8 January 2011, respectively, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is otherwise required to pay a rural education surcharge as provided in the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). Under the Supplementary Notice Concerning Imposition of Education Surcharge (關於教育費附加徵收問題的補充通知) issued by the State Council on 12 October 1994 the education surcharge is currently not applicable to foreign-invested enterprises.

According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) issued by State Council on 18 October 2010, the education surcharge will be applicable to FIEs since 1 December 2010.

FOREIGN INVESTMENT AND ACQUISITION

According to the M&A Provisions which became effective on 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity interests of a domestic enterprise or subscribes to the increased capital of a domestic enterprises in order to convert the domestic enterprise into a foreign-invested enterprise; or (ii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets, or purchases the assets of a domestic enterprise and invests such assets to establish a foreign-invested enterprise. Furthermore, under the M&A Provisions, foreign acquisitions under specified circumstances shall be subject to the approval of MOFCOM, rather than local commercial authorities and such requirement shall not be evaded by domestic investment of a foreign-invested enterprise or by any other means.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental protection for real estate developments in China include the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the PRC Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the real estate development. In addition, upon completion of the real estate development, the relevant environmental regulatory authorities will also inspect the property project to ensure compliance with the applicable environmental protection standards and regulations before the property project may be delivered to the purchasers.

LABOR PROTECTION AND SOCIAL INSURANCE

According to the Labor Law (《勞動法》), which was promulgated by the NPC on 5 July 1994 and amended on 27 August 2009, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards. Labor safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labor protection gear that complies with labor safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Laborers engaged in special operations shall have received specialised training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Law on Labor Contract (《勞動合同法》), which was promulgated by the NPC on 29 June 2007 and amended on 28 December 2012, and the Implementation Regulations on Labor Contract Law (《勞動合同法實施條例》) (Order No.535 of the State Council), which was promulgated on 18 September 2008 and became effective since the same day, regulate both parties through a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated under the Law on Labor Contract and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Pursuant to the Law on Labor Contract, labor contracts concluded prior to the enactment of the said law and subsisting within the validity period of the said law shall continue to be honored. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contracts shall be entered into within one month from the effective date of the Law on Labor Contract law.

According to the Temporary Regulations on the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in the PRC shall provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and shall pay or withhold relevant social insurance premiums for or on behalf of employees. The Law on Social Insurance (《社會保險法》) (No.35 of the President), which was promulgated on 28 October 2010 has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on 3 April 1999 and amended on 24 March 2002, housing provident fund contributions paid up in deposit by an individual employee and housing provident fund contributions paid up in deposit by his or her employer shall belong to the individual employee.

FOREIGN EXCHANGE CONTROLS

Under the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The foreign currency payments received under current account may be retained pursuant to the relevant regulations. Payments of current-account items may be remitted in foreign currencies without prior approval from the relevant SAFE authorities by complying with certain procedural requirements. The foreign currency receipts and remittances under current account should have a genuine and legitimate basis, and financial institutions processing such transactions must verify the authenticity of the relevant transaction documents and their consistency with the foreign currency receipts or remittances. However, to keep or convert any foreign currency payment under capital account requires pre-approval from the relevant SAFE authorities, unless specifically exempted under applicable regulations. If a regulatory pre-approval is not specifically required, payment of capital-account items may be remitted in foreign currency directly to financial institutions, provided that valid documentation is presented. Foreign exchange transactions involving foreign direct investment, foreign debts and outbound investment in securities and derivatives are subject to limitations and require approvals from the relevant SAFE authorities.

On 21 October 2005, the SAFE issued Circular No. 75. According to Circular No. 75, a special purpose company refers to an offshore company established or indirect controlled by PRC residents for the special purpose of carrying out equity financing (including convertible debts financing) of their assets or equity interest in PRC domestic enterprises. Prior to establishing or assuming control of a special purpose company overseas, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. Circular 75 applies retroactively. These PRC residents must also amend the registration with the relevant SAFE branch in the following circumstances: (i) the PRC residents contribute the equity interests or assets of a domestic company into the special purpose company or engage in the overseas equity financing of the special purpose company after such contributions; (ii) there is a material change in the capital of the special purpose company. Under Circular 75 and relevant rules and regulations, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the violator, including restrictions on the payment of dividends and other distributions to its offshore parent company, and may also subject the violators penalties under the PRC foreign exchange administration regulations.

The notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market (關於規範房地產市場外匯管理有關問題的通知) jointly issued by the SAFE and the MOHURD On 1 September 2006, provided: (i) where a FIREE fails to pay registered capital in full or to acquire a land use rights certificate or to make its capital funding for a development project amounting to 35% of the total investment to the project, the SAFE authorities will not handle its foreign debt registration or approve its settlement of foreign exchange funds; (ii) where a foreign institution or individual fails to pay the transfer price in a lump sum with its/his own fund, the SAFE authorities will not process the registration of foreign exchange proceeds from transfer of equities; (iii) the domestic and foreign investors of a FIREE may not enter into an agreement or undertaking that promises a fixed return in any form to any party, or the SAFE authorities will not process the foreign exchange registration or registration modification for the FIREE, and (iv) the funds in the foreign exchange account in the name of a foreign investor in a domestic bank shall not be used for the property development or operation of the FIREE.

On 29 August 2008, the SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Investment Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), or Circular 142. Pursuant to Circular 142, Renminbi amounts converted by a foreign-invested enterprise from its foreign exchange capital contribution may only be used for the activities within the approved business scope of such foreign-invested enterprise and may not be used for domestic equity investment or acquisition unless otherwise allowed by PRC laws or regulations.

INTELLECTUAL PROPERTY

According to the Law on Trademark (《商標法》) which was promulgated by the State Council on 23 August 1982 and amended on 30 August 2013, and the Implementation Regulations on the Trademark Law (《商標法實施條例》) which was promulgated on 3 August 2002, the registered trademarks include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The Trademark Office under the SAIC is responsible for the nationwide registration and administration of trademarks. Trademarks are granted on a term of ten years. Twelve months prior to the expiration of the ten-year term, an applicant can renew the application and reapply for trademark protection.

Any of the following acts may be regarded as an infringement of the exclusive right to use a registered trademark: use of a trademark that is identical with a registered trademark of the same type of commodity as the trademark registrant's without the authorisation of the trademark registrant; using a trademark that is similar to a registered trademark on the same goods, or using a trademark that is identical with or similar to the registered trademark on similar goods without the licensing of the registrant of the registered trademark, which is likely to cause confusion; sale of a commodity infringing upon the exclusive right to use the registered trademark; counterfeiting or making, without authorisation, representations of a registered trademark, or sale of such representation of a registered trademark; change of any trademark of a registrant without the registrant's consent, and selling goods bearing such replaced trademark on the market; providing, intentionally, convenience for activities infringing upon others' exclusive right of trademark use, and facilitating others to commit infringement on the exclusive right of trademark use; and otherwise infringing upon another person's exclusive right to use a registered trademark and cause damages. Trademark license agreements must be filed with the Trademark Office under the SAIC or one of its regional counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

M&A PROVISIONS

On 8 August 2006, the M&A Provisions were promulgated by six PRC regulatory agencies, including MOFCOM and CSRC, which became effective on 8 September 2006. According to the M&A Rules, the term "special purpose company" refers to an overseas company directly or indirectly controlled by a domestic company or Chinese natural person for the purpose of making its actual domestic company equities get listed abroad. Where the shareholders of a special purpose company use its equity in the company as the means of payment, or a special purpose company uses its increased shares as the means of payment, for the purpose of realising oversea listing, to purchase the shareholders' equity right in a domestic company or the increased shares of a domestic company, the overseas listing of such special purpose company shall be subject to approval of the CSRC. In addition, if any domestic company, enterprise or natural person merges its affiliated domestic company in the name of a company legally established or controlled by the aforesaid domestic company, enterprise or natural person in foreign countries or regions, it shall be subject to the approval of the MOFCOM.

Our PRC Legal Adviser has advised us that based on its understanding of applicable laws and the enforcement practice, we are not required to apply to MOFCOM for approval of our Reorganisation or submit to CSRC for approval of the Listing and trading of our Shares given that:

(i) Shandong Redco, Redco Development (Jiangxi), Jiangxi Man Wo, Redco (China), Redco (Tianjin), Redco Industry (Jiangxi), Jiangxi Chongde and Yantai Redco Development are foreign-invested enterprises upon their establishment and are not domestic companies as defined under the M&A Provisions;

(ii) Jiangxi Redco Property Development, Shenzhen Jindian, Shenzhen Chuangxin, Xianyang Redco, Jiangxi Zhengli and Shenzhen Dadao were established by foreign-invested enterprises and/or domestic entities and did not involve acquisitions by foreign investors; and

(iii) Changfeng Lianhua, Shandong Hengjia and Shenzhen Xingju were acquired by our Group through foreign-invested enterprises established before the effective date of the M&A Provisions and have not been changed to foreign-invested enterprises and such acquisitions were subject to The Interim Provisions on the Domestic Investment of Foreign-invested Enterprises (關於外商投資企業境內投資的暫行規定) and relevant laws and regulations.

Our PRC Legal Adviser has further advised that the possibility of new contrary regulations or the interpretations of applicable laws and regulations to be promulgated by MOFCOM, CSRC or other relevant authorities cannot be excluded.

CIRCULAR NO. 75

On 21 October 2005, the SAFE issued the Circular No. 75 which became effective on 1 November 2005. According to the Circular No. 75, PRC residents shall register with the local SAFE branch before establishing or controlling any offshore special purpose company with assets or equity in a Chinese company for the purpose of offshore equity financing. In addition, these PRC residents are required to update its SAFE registration with the local SAFE branch with respect to that offshore special purpose company under certain circumstances.

Our PRC Legal Adviser has advised us the applicable shareholder, namely Huang Ruoqing has registered with Tianjin SAFE branch regarding his overseas investment in our Group before the completion of the Reorganisation and should update such registration after the completion of the Reorganisation and the Listing.

OUR HISTORY

Our Company was incorporated in the Cayman Islands on 14 July 2008 and became the holding company of our subsidiaries as a part of the Reorganisation. As at the date of this prospectus, we are indirectly wholly owned by Mr. Wong and Huang Ruoqing, who hold their interests in us through Global Universe and Times International, respectively.

Business Development and Milestones

Our history can be traced back to 1992 when Mr. Wong started to engage in the business of construction decoration through his personal financial resources. In 1994, Mr. Wong further engaged in the business of engineering construction. Huang Ruoqing, Mr. Wong's younger brother, joined our Group in 1994.

In 1995, Huang Ruoqing established Fujian Hui Gao to engage in the business of property development. Since then, we shifted our business focus to property development. In 1996, construction works in respect of Fujian Hui Gao's first property development project in Fujian Province were commenced. Since then, we have engaged in the development of various property development projects in Fujian Province. In 1999, we made the strategic decision to expand our business operations beyond Fujian Province to other cities where we had identified opportunities. Set out below are the milestones in our business history:

1992	Mr. Wong started to engage in the business of construction decoration.
1994	We started to engage in the business of engineering construction. Huang Ruoqing joined our Group.
1995	Huang Ruoqing established Fujian Hui Gao to engage in the business of property development. Since then, we shifted our business focus to that of property development.
1996	Construction works in respect of Fujian Hui Gao's first property development project in Fujian Province were commenced. The property development project was completed in 1997.
1998	Redco Holdings (Hong Kong) was incorporated in Hong Kong.
1999	We made the strategic decision to expand our business operations outside Fujian Province and established our presence in Baoding, Hebei Province.
2002	Construction works in respect of our first property development project in Baoding, Hebei Province were completed.
2003	We further expanded our business operations to Shandong Province and commenced the development of Oriental Paris, our first property development project in Yantai.

2005	We expanded our business operations to Hefei, Anhui Province and commenced the development of Berlin Spring and Royal Village, our property development projects in Hefei.
2006	We expanded our business operations to Nanchang, Jiangxi Province and entered into the land grant contract for Crown International, our integrated multi-purpose property development project in Nanchang.
2007	Redco (China) was awarded as one of China Top 100 Branded Developers in terms of Development Strength (中國品牌地產綜合實力百強最具開發實力型企業) by the Institute for Urban and Environmental Studies of the Chinese Academy of Social Sciences (中國社會科學院城市發展與環境研究中心), the China Research Institute of Real Estate Planning (中國房地產策劃研究院), the Asia Pacific Real Estate Post (亞太房地產業報社), the China Real Estate Developers' Business Festival Organising Committee (中國品牌地產商務節組委會) and the Private Sector Economy Research Association (中國民(私)營經濟研究會).
2008	Our Company was incorporated in July 2008 to act as the holding company of all businesses and operations of our Group.
2009	We expanded our business operations to Tianjin municipality and entered into a confirmation letter on listing-for-sale of parcels of land for Sunshine Coast, our coastal property development project in Tianjin.
2010	Redco (China) was first awarded as one of China Top 100 Real Estate Developers (中國房地產百強企業) by the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). We continued to receive this recognition from the said organisations for four consecutive years since 2010.
2011	Crowne Plaza Nanchang Riverside Hotel, the first international five-star hotel in Nanchang situated in Crown International project of our Group, commenced operations.
2012	We moved our headquarters to Shenzhen.
2013	Redco (China) was recognised as one of the "2013 Top 10 Brands of South China Real Estate Companies" (2013 中國華南房地產公司品牌價值 Top 10) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy. We entered into a land grant contract for the acquisition of a parcel of land in Shenzhen, a first tier city in the Pearl River Delta Region.

As at 31 December 2013, we had a total of 15 property development projects in the PRC at various stages of development covering seven cities in the PRC as follows:

1. the Greater Western Straits Economic Zone

   - Nanchang (Jiangxi Province)

2. the Bohai Economic Rim

   - Tianjin
   - Jinan (Shandong Province)
   - Yantai (Shandong Province)

3. the Central and Western Regions

   - Hefei (Anhui Province)
   - Xianyang (Shaanxi Province)

In December 2013, we have further entered into a land grant contract for the acquisition of a parcel of land in Shenzhen, a first tier city in the Pearl River Delta Region.

For further details of our property development projects, please refer to the sections headed "Business — Portfolio of our property development projects" and "Business — Description of our property development projects" in this prospectus.

Corporate Development

As at the Latest Practicable Date, our Group had either established or acquired a number of operating subsidiaries in the PRC to carry out our businesses. Members of our Group which are material to the performance of our Group during the Track Record Period are set out below:

Redco Group (Fujian)

On 31 December 1996, Redco Group (Fujian) was established under the laws of the PRC and commenced business with an initial registered capital of HK$10 million which was increased to HK$41.88 million on 12 May 2005.

For the purpose of converting Redco Group (Fujian) into a Sino-foreign equity joint venture, on 26 February 2008, Redco Holdings (Hong Kong) transferred 39.11% of the equity interest in Redco Group (Fujian) to Fujian Hui Gao at a consideration of HK$16.38 million, which was determined with reference to the then registered capital of Redco Group (Fujian) and settled.

On 16 November 2012, Hong Kong Spring Top acquired 60.89% of the equity interest in Redco Group (Fujian) from Redco Holdings (Hong Kong) at a consideration of HK$25.5 million, which was determined with reference to the then registered capital of Redco Group (Fujian) and settled.

On 28 January 2013, Jiangxi Man Wo acquired 39.11% equity interest in Redco Group (Fujian) from Fujian Hui Gao at a consideration of HK$16.38 million, which was determined with reference to the then registered capital of Redco Group (Fujian) and settled. Subsequent to the above transfer, Redco Group (Fujian) has become an indirect wholly-owned subsidiary of our Company.

As the property projects held by Redco Group (Fujian) and its subsidiaries have been completed and delivered, Redco Group (Fujian) including its subsidiaries were no longer significant to our Group and were disposed of by us to Independent Third Parties. Pursuant to a share transfer agreement dated 10 October 2013, Hong Kong Spring Top and Jiangxi Man Wo agreed to transfer 60.89% and 39.11% of the equity interest in Redco Group (Fujian) to Independent Third Parties at a consideration of approximately HK$25.5 million and HK$16.4 million, respectively, which was determined with reference to the registered capital of Redco Group (Fujian) and has been settled. Such transaction was completed on 12 November 2013.

Redco Group (Fujian) was principally engaged in property development and held its principal asset Royal Village in Hefei and Berlin Spring through its subsidiaries.

Shandong Redco

On 22 April 2004, Shandong Redco was established under the laws of the PRC and commenced business with an initial registered capital of HK$100 million. Upon its establishment, Shandong Redco was held as to 70% by Fujian Hui Gao and as to 30% by Redco Holdings (Hong Kong).

On 27 November 2006, Redco Holdings (Hong Kong) transferred 5% equity interest in Shandong Redco to Fujian Hui Gao at a consideration of HK$5 million, which was determined with reference to the then registered capital of Shandong Redco. The consideration was settled by Fujian Hui Gao paying up the registered capital of Shandong Redco. Subsequent to the above transfer, Shandong Redco was held as to 75% by Fujian Hui Gao and 25% by Redco Holdings (Hong Kong), respectively.

On 25 December 2012, Redco Holdings (Hong Kong) transferred 25% of the equity interest of Shandong Redco to Hong Kong Royal Lofty at a consideration of HK$25 million, which was determined with reference to the then registered capital of Shandong Redco and settled.

On 20 March 2013, Jiangxi Man Wo acquired 75% of the equity interest of Shandong Redco from Fujian Hui Gao at a consideration of HK$75 million which was determined with reference to the then registered capital of Shandong Redco and settled. Subsequent to the above transfer, Shandong Redco was held as to 75% by Jiangxi Man Wo and as to 25% by Hong Kong Royal Lofty.

Shandong Redco is principally engaged in property development and its principal assets are Scenery Holiday and Redco International in Jinan.

Jiangxi Man Wo

On 24 September 2004, Jiangxi Man Wo was established by an Independent Third Party under the laws of the PRC and commenced business with an initial registered capital of HK$100 million.

On 13 May 2005, Redco Holdings (Hong Kong) acquired 85% of the equity interest in Jiangxi Man Wo from an Independent Third Party. On 2 June 2006, Redco Holdings (Hong Kong) acquired the remaining 15% of the equity interest of Jiangxi Man Wo from the Independent Third Party at nil consideration. Subsequent to the above transfer, Jiangxi Man Wo became a wholly-owned subsidiary of Redco Holdings (Hong Kong).

Jiangxi Man Wo is principally engaged in the holding and development of Spain Standard in Nanchang. We acquired Jiangxi Man Wo for the purpose of acquiring this property development project.

Redco Development (Jiangxi)

On 28 December 2005, Redco Development (Jiangxi) was established under the laws of the PRC and commenced business with an initial registered capital of HK$100 million which was subsequently increased to HK$200 million on 10 May 2007, and to HK$300 million and HK$350 million on 14 May 2009 and 18 January 2010, respectively. Since its establishment, Redco Development (Jiangxi) has been wholly owned by Redco Investment.

On 20 December 2009, Redco Development (Jiangxi) entered into a de-merger agreement with Redco Investment, pursuant to which the business of property development in connection with commercial buildings and hotels was de-merged from Redco Development (Jiangxi). Upon completion of the de-merger agreement on 28 July 2010, the registered capital of Redco Development (Jiangxi) was adjusted to HK$150 million.

Redco Development (Jiangxi) is principally engaged in the development of the residential and commercial complex of Crown International in Nanchang.

Redco (Tianjin)

On 2 April 2009, Redco (Tianjin) was established under the laws of the PRC and commenced business with an initial registered capital of HK$100 million which was increased to HK$490 million on 22 November 2011. Since its establishment, Redco (Tianjin) has been wholly owned by Power Thrive. Redco (Tianjin) is principally engaged in the development of Sunshine Coast in Tianjin.

Shandong Hengjia

On 14 December 2005, Shandong Hengjia was established by Independent Third Parties under the laws of the PRC and commenced business with an initial registered capital of RMB10 million.

On 23 June 2008, Jiangxi Man Wo and Huang Peng acquired 84% and 16% of equity interest in Shandong Hengjia from Liu Jianjun and Wan Liancai, both being Independent Third Parties at an aggregate consideration of RMB26 million, which was determined after arm's length negotiation between the parties and settled. Huang Peng is a cousin of Mr. Wong and Huang Ruoqing, and a connected person of our Company. The 16% equity interest in Shandong Hengjia was held on trust by Huang Peng for Jiangxi Man Wo.

On 29 March 2010, Huang Peng transferred 16% equity interest in Shandong Hengjia to Jiangxi Man Wo, subsequent to which the entrustment arrangement between Mr. Huang Peng and Jiangxi Man Wo was terminated.

Shandong Hengjia is principally engaged in the holding and development of Splendid the Legend in Jinan. We acquired Shandong Hengjia for the purpose of acquiring this property development project.

Jiangxi Redco Property Development

On 20 January 2010, Jiangxi Redco Property Development was established by Jiangxi Man Wo under the laws of the PRC and commenced business with an initial registered capital of RMB100 million. Jiangxi Redco Property Development is principally engaged in the holding and development of Riverside International in Nanchang.

Redco Industry (Jiangxi)

On 28 July 2010, Redco Industry (Jiangxi) was established under the laws of the PRC and commenced business with an initial registered capital of HK$200 million which was subsequently increased to HK$430 million on 15 December 2011. Redco Industry (Jiangxi) is jointly controlled by Redco Holdings (Hong Kong) and Top Plan (HK) Limited, thus it is our joint venture.

Redco Industry (Jiangxi) is principally engaged in the holding of Crowne Plaza Nanchang Riverside Hotel in Nanchang.

Changfeng Lianhua

On 27 June 2005, Changfeng Lianhua was established by Independent Third Parties under the laws of the PRC with an initial registered capital of RMB8 million, which was increased to RMB10.75 million, RMB30.75 million and RMB50.75 million on 13 September 2005, 18 November 2008 and 24 March 2009.

On 29 December 2010, (i) Huang Yuantu (who was then an Independent Third Party) transferred 50% and 20% of the equity interest in Changfeng Lianhua to Jiangxi Man Wo and Fujian Qunsheng Group Co., Ltd. (福建群盛集團有限公司), at a consideration of RMB25.375 million and RMB10.15 million, respectively; and (ii) Lai Jiazhong, an Independent Third Party, transferred 30% of the equity interest in Changfeng Lianhua to Jiangxi Man Wo at a consideration of RMB15.225 million, each of which was determined with reference to the then registered capital in Changfeng Lianhua after arm's length negotiations between the parties and settled (in respect of the acquisition by us). Upon completion of the above transfer, Changfeng Lianhua is held as to 80% by Jiangxi Man Wo and as to 20% by Fujian Qunsheng Group Co., Ltd..

Changfeng Lianhua is principally engaged in the holding and development of Mix Kingdom Redco in Hefei. We acquired Changfeng Lianhua for the purpose of acquiring such property development project.

Xianyang Redco

On 15 June 2012, Xianyang Redco was established under the laws of the PRC and commenced business with an initial registered capital of RMB20 million. Upon its establishment, Xianyang Redco was wholly owned by Jiangxi Redco Property Development.

On 16 August 2012, Jiangxi Redco Property Development transferred 30% of its equity interest in Xianyang Redco to Chen Huaimei (then an Independent Third Party) at a consideration of RMB6 million, which was determined with reference to the then registered capital of Xianyang Redco after arms' length negotiation between the parties and settled. The above transfer was made by Jiangxi Redco Property Development in order to tap into Chen Huaimei's experience and network in the Xianyang market as such market was new to our Group at the relevant time. Subsequent to the above transfer, Xianyang Redco was held as to 70% by Jiangxi Redco Property Development and as to 30% by Chen Huaimei. Save for his interest and directorship in Xianyang Redco, Chen Huaimei is not connected to our Group.

Xianyang Redco is principally engaged in the holding of Royal City in Xianyang.

Jiangxi Chongde

On 28 October 2010, Jiangxi Chongde was established by an Independent Third Party under the laws of the PRC and commenced business with an initial registered capital of HK$80 million.

On 26 December 2012, the entire interest in Jiangxi Chongde was acquired by Bloom Trend (then an Independent Third Party) from the then shareholders of Jiangxi Chongde, all being Independent Third Parties, at the aggregate consideration of HK$80 million with reference to the then registered capital of Jiangxi Chongde. Subsequent to the above transfer, Jiangxi Chongde became a wholly-owned subsidiary of Bloom Trend.

On 11 Janaury 2013, Redco Holdings (BVI) acquired 100% equity interest in Jiangxi Chongde from Independent Third Parties, through the acquisition of 100% equity interest in Maxprofit Globe, at an aggregate consideration of the HK$ equivalent of RMB84.81 million and settled. At that time, Maxprofit Globe held 100% equity interest in Bloom Trend, which in turn held 100% equity interest in Jiangxi Chongde.

Jiangxi Chongde is principally engaged in the holding of Bluelake County in Nanchang. We acquired Jiangxi Chongde, through the acquisition of 100% equity interest in Maxprofit Globe, for the purpose of acquiring Bluelake County in Nanchang.

The PRC Legal Adviser is of the view that all necessary approvals from the relevant PRC government authorities regarding the above acquisitions and disposals in the PRC of our major PRC subsidiaries have been obtained. The Directors also confirm that each of the above acquisitions and disposals has been properly and legally completed.

Entrustment Arrangements

Overview

Prior to our Reorganisation, interests in the following members of our Group were held on trust through a number of entrustment arrangements, namely the entrustment arrangement with respect to equity interests in Wei Li International ("**Wei Li International Trust**"), Shenzhen Xingju ("**Shenzhen Xingju Trust"**) and Shandong Hengjia ("**Shandong Hengjia Trust**"), respectively. A summary of the entrustment arrangements are set out below.

Nos.	Entrustment arrangement	Name of nominee and background	Name of beneficiary	Date of entrustment arrangement	Termination of entrustment arrangement
1.	Wei Li International Trust	Mr. Wong	Redco Holdings (BVI)	25 October 2012	26 September 2013
2.	Shenzhen Xingju Trust	Chen Huoming (陳火明), a brother-in-law of Huang Ruoqing and our employee	Redco (China)	17 February 2012	15 August 2012
3.	Shandong Hengjia Trust	Huang Peng (黃鵬), a cousin of Mr. Wong and Huang Ruoqing	Jiangxi Man Wo	17 April 2008	29 March 2010

Details and reasons with respect to the entrustment arrangements are set out below:

1. *Wei Li International Trust*

Date	Name of shareholder(s)	Equity interests in Wei Li International (Approximate %)	Remarks
15 June 2012	Redco Holdings (BVI)	100%	Wei Li International was incorporated in the BVI on 15 June 2012.
25 October 2012	Mr. Wong **	100% *	Redco Holdings (BVI) transferred 100% of the equity interest in Wei Li International to Mr. Wong.
26 September 2013	Redco Holdings (BVI)	100%	Mr. Wong transferred 100% of the equity interest in Wei Li International to Redco Holdings (BVI).

Redco Holdings (BVI) entered into entrustment arrangement with Mr. Wong solely based on commercial consideration. In mid-2012, we were considering the opportunity of acquiring land in Beizhai Village in Yantai, Shandong Province by Redco Holdings (BVI) through its PRC-subsidiary. In order to facilitate the negotiation and expedite the decision making process, Redco Holdings (BVI) transferred its entire legal interest in Wei Li International to Mr. Wong, who held such interest on trust for Redco Holdings (BVI). Given Mr. Wong's involvement in the negotiation with respect to Beizhai Village Resettlement Projects, it was considered more efficient to engage Mr. Wong, in his capacity as the sole shareholder of Wei Li International at the relevant time, in the proposed acquisition.

2. *Shenzhen Xingju Trust*

Date	**Name of shareholder(s)**	**Equity interests in Shenzhen Xingju (Approximate %)**	**Remarks**
22 February 2012	Chen Huoming**	100%*	Shenzhen Xingju was established in the PRC on 22 February 2012.
15 August 2012	Redco (China)	100%	Chen Huoming transferred 100% of the equity interest in Shenzhen Xingju to Redco (China).

Since our Group expanded into Shenzhen in 2012 and had an urgent need to locate an office premises and sign a lease agreement, it was considered more efficient to set up a corporate entity by an individual. We sought help from Mr. Chen Huoming, a brother-in-law of Huang Ruoqing and our employee, for establishment of Shenzhen Xingju.

3. *Shandong Hengjia Trust*

Date	**Name of shareholder(s)**	**Equity interests in Shandong Hengjia (Approximate %)**	**Remarks**
14 April 2006	Liu Jianjun	84%	Shandong Hengjia was established in the PRC on 14 December 2005. Through a number of transactions, the equity interests of Shandong Hengjia were held as to 84% by Liu Jianjun and as to 16% by Wan Liancai, both being Independent Third Parties.
	Wan Liancai	16%	

Date	Name of shareholder(s)	Equity interests in Shandong Hengjia (Approximate %)	Remarks
23 June 2008	Jiangxi Man Wo	84%	Liu Jianjun and Wan Liancai transferred 84% and 16% of the equity interest in Shandong Hengjia to Jiangxi Man Wo and Huang Peng (who held such interest on trust for Jiangxi Man Wo) at an aggregate consideration of RMB26 million.
	Huang Peng**	16%*	
29 March 2010	Jiangxi Man Wo	100%	

Since Huang Peng had a close business and personal relationship with Wan Liancai (萬連才), he requested to complete the above transaction through Huang Peng instead of any other third party. As such, the 16% equity interest in Shandong Hengjia was transferred to Huang Peng holding such interest on trust for Jiangxi Man Wo.

Notes:

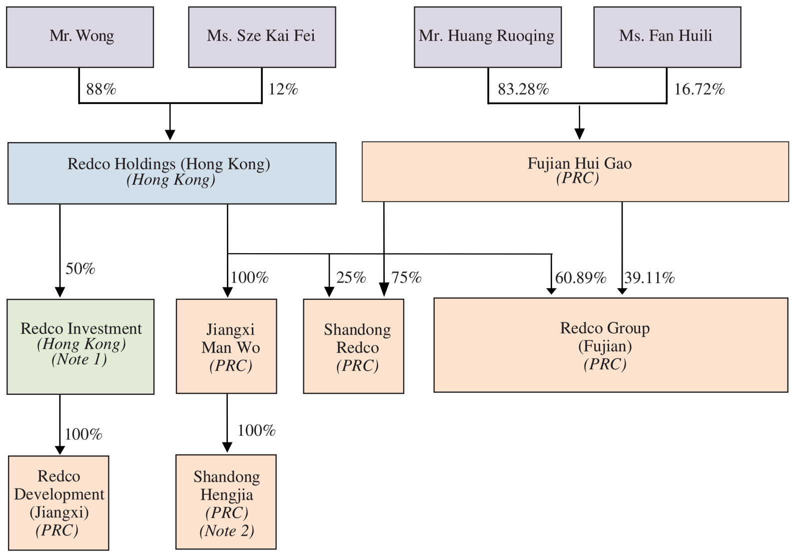
* equity interest being held on trust for the beneficiary

** nominee shareholder

As advised by the PRC Legal Adviser, since the purpose of the trusts and the content of the trust contracts regarding Shenzhen Xingju and Shandong Hengjia mentioned above did not violate the compulsory provisions of laws and administrative regulations in the PRC, such trust contracts were legally binding between the parties to the trust contracts save and except the enforceability of such entrustment arrangements against any other third parties (including but not limited to Shenzhen Xingju and Shandong Hengjia).

Simplified shareholding structure before Reorganisation

Set out below is a simplified corporate structure consisting of our major subsidiaries which are material to the performance of our Group during the Track Record Period:



Notes:

1. The remaining 50% of the issued share capital of Redco Investment is owned by Top Plan (HK) Limited, a connected person.

2. 16% of the equity interest in Shandong Hengjia was held by Huang Peng (黃鵬), a connected person of our Company, on trust for Jiangxi Man Wo.

Incorporation of our Company

On 14 July 2008, our Company was incorporated in the Cayman Islands to act as the holding company of all the businesses and operations of our Group. The initial authorised share capital of our Company was HK$380,000 divided into 3,800,000 Shares. On the same day, one nil-paid Share was transferred by the initial subscriber to Global Universe and 59 nil-paid Shares and 40 nil-paid Shares were issued to Global Universe and Times International, respectively. Global Universe is wholly owned by Mr. Wong and Times International is wholly owned by Huang Ruoqing. Mr. Wong is the elder brother of Huang Ruoqing.

Establishment of BVI Intermediate Holding Companies

On 23 June 2008, Redco Holdings (BVI) was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of par value of US$1 each. On 23 July 2008, one share of Redco Holdings (BVI) was issued at par to our Company and its entire issued share capital was held by our Company.

On 15 June 2012, each of Hui Gao, Li Jia International, Top Creation, Top Thrive and Wei Li International was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of par value of US$1 each. Upon incorporation, one share of each of them was issued at par to Redco Holdings (BVI).

On 24 September 2012, each of Power Spring and Top Glory was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of par value of US$1 each. Upon incorporation, one share of each of them was issued at par to Redco Holdings (BVI).

Incorporation of Hong Kong Companies

On 6 July 2012, each of Hong Kong Spring Top, Redco Properties (HK), Hong Kong Binjiang, Hong Kong Royal Lofty and Hong Kong Wing Power was incorporated in Hong Kong with an authorised share capital of HK$10,000 divided into 10,000 shares of par value of HK$1 each. Upon incorporation, one share of Hong Kong Spring Top was issued at par to Hui Gao, one share of Redco Properties (HK) was issued at par to Li Jia International, one share of Hong Kong Binjiang was issued at par to Top Creation, one share of Hong Kong Royal Lofty was issued at par to Top Thrive and one share of Hong Kong Wing Power was issued at par to Wei Li International.

Offshore restructuring

For the purpose of streamlining the structure of our Group, the following restructuring has been carried out:

Redco Industrial

On 17 October 2012, Power Spring acquired the entire issued share capital of Redco Industrial from Redco Holdings (BVI) at a consideration of HK$1 which was determined after an arm’s length negotiation with reference to the par value per share and settled.

Fame Step

On 17 October 2012, Top Glory acquired the entire share capital of Fame Step from Redco Holdings (BVI) at a consideration of HK$1 which was determined after an arm's length negotiation with reference to the par value per share and settled.

Redco Holdings (Hong Kong)

On 29 October 2012, Redco Holdings (BVI) acquired the entire issued share capital of Redco Holdings (Hong Kong) from Mr. Wong and his spouse at a consideration of HK$400 million. The consideration was satisfied by the allotment and issue of one share of Redco Holdings (BVI) at premium to our Company at the direction of Mr. Wong and his spouse. The consideration of acquisition was determined with reference to the book value of Redco Holdings (Hong Kong) as at 30 June 2012. The amount of HK$400 million due from our Company to Mr. Wong and his spouse was capitalised by paying up (i) 60 nil-paid Shares held by Global Universe and 40 nil-paid Shares held by Times International, at par on 29 October 2012; and (ii) 60 Shares and 40 Shares allotted and issued to Global Universe and Times International, at premium on 29 July 2013, at the direction of Mr. Wong and his spouse.

Onshore restructuring

Our Group undertook the followings steps for the purpose of the Reorganisation:

Restructuring involving Redco Group (Fujian), Redco (China) and Shandong Redco

Prior to the Reorganisation, Huang Ruoqing held interest in Redco Group (Fujian), Redco (China) and Shandong Redco through Fujian Hui Gao.

Redco Group (Fujian)

Details of the restructuring involving Redco Group (Fujian), please refer to "History, Reorganisation and Group Structure — Corporate Development".

Redco (China)

On 6 December 2012 , Redco Holdings (Hong Kong) transferred 53% of the equity interest in Redco (China) to Redco Properties (HK) at a consideration of HK$53 million which was determined with reference to the then registered capital of Redco (China) and 7% of the equity interest in Redco (China) to Fujian Hui Gao at nil consideration as the registered capital of Redco (China) to be contributed by Redco Holdings (Hong Kong) remained unpaid at the relevant time. The consideration has been settled. Subsequent to the above transfer, Redco (China) was held as to 47% by Fujian Hui Gao and 53% by Redco Properties (HK), respectively.

On 29 January 2013, Fujian Hui Gao transferred 47% of the equity interest in Redco (China) to Jiangxi Man Wo at a consideration of HK$47 million which was determined with reference to the then registered capital of Redco (China) and settled. Subsequent to the above transfer, Redco (China) was held as to 47% by Jiangxi Man Wo and 53% by Redco Properties (HK), respectively.

Shandong Redco

Details of the restructuring involving Shandong Redco, please refer to "History, Reorganisation and Group Structure — Corporate Development".

Disposal of Quanzhou Ruifeng, Yantai Redco Real Estate, Quanzhou Binjiang, Forever China and Quanzhou Ligao

As the sales of the property projects held by the companies below have been completed and delivered, those companies were no longer significant to the Group and were disposed of by us to Independent Third Parties. The estimated gain of the Group arising from the disposal of Quanzhou Ruifeng, Yantai Redco Real Estate, Quanzhou Binjiang, Forever China, Quanzhou Ligao, Redco Group (Fujian) and its subsidiaries is approximately RMB3.6 million, which was calculated with reference to the financial information of those companies as at 30 September 2013.

Quanzhou Ruifeng

Pursuant to a share transfer agreement dated 29 October 2013, 50% equity interest in Quanzhou Ruifeng was transferred by Redco Holdings (Hong Kong) to an Independent Third Party at a consideration of US$2.58 million, which was determined with reference to the then registered capital of Quanzhou Ruifeng and has been settled. Such transaction was completed on 5 December 2013.

Yantai Redco Real Estate

Pursuant to a share transfer agreement dated 28 September 2013, 30% equity interest in Yantai Redco Real Estate was transferred from Redco Holdings (Hong Kong) to Fujian Hui Gao, our connected person, at a consideration of US$1.5 million, which was determined with reference to the then registered capital of Yantai Redco Real Estate and has been settled. Fujian Hui Gao transferred the entire equity interest in Yantai Redco Real Estate to Independent Third Parties subsequently and such transaction was completed on 28 October 2013.

Quanzhou Binjiang

Pursuant to a share transfer agreement dated 10 October 2013, 64% and 36% of the equity interest in Quanzhou Binjiang were transferred from Hong Kong Binjiang and Jiangxi Man Wo to Independent Third Parties at a consideration of RMB8.32 million and RMB4.68 million, respectively, which was determined with reference to the then registered capital of Quanzhou Binjiang and has been settled. Such transaction was completed on 5 November 2013.

As the companies below do not engage in our core business, instead they are engaged in businesses in connection with engineering construction (in the case of Forever China) and construction decoration (in the case of Quanzhou Ligao), we disposed these companies to Independent Third Parties in order to streamline our structure.

Forever China

Pursuant to a share transfer agreement dated 12 November 2013, 54.878% equity interest in Forever China was transferred from Redco (China) to an Independent Third Party at a consideration of US$1.35 million, which was determined with reference to the then paid-in share capital of Forever China, and has been settled. Such transaction was completed on 31 December 2013. On 12 November 2013, the entire issued share capital of Power Success, which was interested in 45.122% equity interest in Forever China through Hong Kong Great Strength, was transferred to another Independent Third Party at a consideration of US$1 which was determined with reference to the then proportionate paid-in capital of Forever China and the outstanding liability due from Power Success to our controlling shareholders, which has been settled.

Quanzhou Ligao

Pursuant to a share transfer agreement 12 November 2013, 55% equity interest in Quanzhou Ligao was transferred from Redco (China) to an Independent Third Party at a consideration of HK$5.5 million, which was determined with reference to the then registered share capital of Quanzhou Ligao, and has been settled. Such transaction was completed on 31 December 2013. On 12 November 2013, the entire issued share capital of Power Success, which was interested in 45% equity interest in Quanzhou Ligao through Hong Kong Great Strength, was transferred to another Independent Third Party at a consideration of US$1 which was determined with reference to the then proportionate paid-in capital of Quanzhou Ligao and the outstanding liability due from Power Success to our controlling shareholders, which has been settled.

Deregistration of Jiangxi Li Jia, Tianjin Redco and Shenzhen Redco

Jiangxi Li Jia

On 12 December 2013, Jiangxi Li Jia was deregistered as it was a project company and it was no longer required for the purpose of any land acquisition.

Tianjin Redco

On 15 January 2014, Tianjin Redco was deregistered as it was inactive.

Shenzhen Redco

On 13 January 2014, Shenzhen Redco was deregistered. As it was a project company, it was no longer required for the purpose of any land acquisition.

The PRC Legal Adviser is of the opinion that we have obtained all necessary approvals from the relevant PRC governmental authorities regarding the above acquisitions and disposals in the PRC in relation to the onshore Reorganisation.

The Directors consider that the acquisitions and disposals in relation to the Reorganisation have been properly and legally completed and confirm that the Reorganisation complies with the relevant laws and regulations.

Supplemental Arrangements On Disposed Companies

Since the undistributed profit and relevant subsidiaries' rights of Redco Group (Fujian) and the undistributed profit of Quanzhou Ruifeng were not distributed to us before we entered into the respective share transfer agreements with relevant purchasers regarding the disposal of Redco Group (Fujian) and Quanzhou Ruifeng, we further negotiated with the relevant purchasers for the settlement of such amounts. Pursuant to the supplemental arrangement agreed among the parties in October 2013, Quanzhou Yaoli Investment Company Limited agreed to pay Jiangxi Man Wo an amount of approximately RMB28.17 million for the undistributed profit and the subsidiaries' rights of the 39.11% equity interest in Redco Group (Fujian), and Hong Kong Sun Power Industrial Limited agreed to pay Hong Kong Spring Top an amount of approximately RMB43.85 million for the undistributed profit and relevant subsidiaries' rights of the 60.89% equity interest in Redco Group (Fujian), in each case, such amount represented the undistributed profit and the subsidiaries' rights attributed to the relevant seller as shown in the accounts of Redco Group (Fujian) as at 30 June 2013 after adjustment of bad debt. Pursuant to the supplemental arrangement agreed among the parties in October 2013, Hong Kong Sun Power Industrial Limited agreed to pay Redco Holdings (Hong Kong) an amount of approximately RMB103.42 million representing the undistributed profit of the 50% equity interest in Quanzhou Ruifeng as shown in the accounts of Quanzhou Ruifeng as at 30 June 2013. We consider the above arrangements are supplemental arrangements agreed among the then purchasers and sellers of the relevant disposed companies on the undistributed profit and relevant subsidiaries' rights of our disposed companies. However, should the relevant PRC tax authorities consider that the supplemental arrangements were not conducted for reasonable commercial purpose but for the purpose of minimizing the amount of our taxable income, we may be subject to additional tax liability of approximately RMB17.8 million arising from such supplemental arrangements. Notwithstanding the above, we have obtained undertakings from the respective purchasers that they shall fully indemnify us for all tax liabilities arising from or in connection with the supplemental arrangements.

M&A Provisions

On 8 August 2006, the M&A Provisions were promulgated by six PRC regulatory agencies, including MOFCOM and CSRC which became effective on 8 September 2006. According to the M&A Rules, the term "special purpose company" refers to an overseas company directly or indirectly controlled by a domestic company or Chinese natural person for the purpose of making its actual domestic company equities get listed abroad. Where the shareholders of a special purpose company use its equity in the company as the means of payment, or a special purpose company uses its increased shares as the means of payment, for the purpose of realising oversea listing, to purchase the shareholders' equity right in a domestic company or the increased shares of a domestic company, the overseas listing of such special purpose company shall be subject to approval of the CSRC. In addition, if any domestic company, enterprise or natural person merges its affiliated domestic company in the name of a company legally established or controlled by the aforesaid domestic company, enterprise or natural person in foreign countries or regions, it shall be subject to the approval of the MOFCOM.

Our PRC Legal Adviser has advised us that based on its understanding of applicable laws and the enforcement practice, we are not required to apply to MOFCOM for approval of our Reorganisation or submit to CSRC for approval of the Listing and trading of our Shares given that:

(i) Shandong Redco, Redco Development (Jiangxi), Jiangxi Man Wo, Redco (China), Redco (Tianjin), Redco Industry (Jiangxi), Jiangxi Chongde and Yantai Redco Development are foreign-invested enterprises upon their establishment and are not domestic companies as defined under the M&A Provisions;

(ii) Jiangxi Redco Property Development, Shenzhen Jindian, Shenzhen Chuangxin, Xianyang Redco, Jiangxi Zhengli and Shenzhen Dadao, were established by foreign-invested enterprises and/or domestic entities and did not involve acquisitions by foreign investors; and

(iii) Changfeng Lianhua, Shandong Hengjia and Shenzhen Xingju were acquired by our Group through foreign-invested enterprises established before the effective date of the M&A Provisions and have not been changed to foreign-invested enterprises and such acquisitions were subject to The Interim Provisions on the Domestic Investment of Foreign-invested Enterprises (關於外商投資企業境內投資的暫行規定) and relevant laws and regulations.

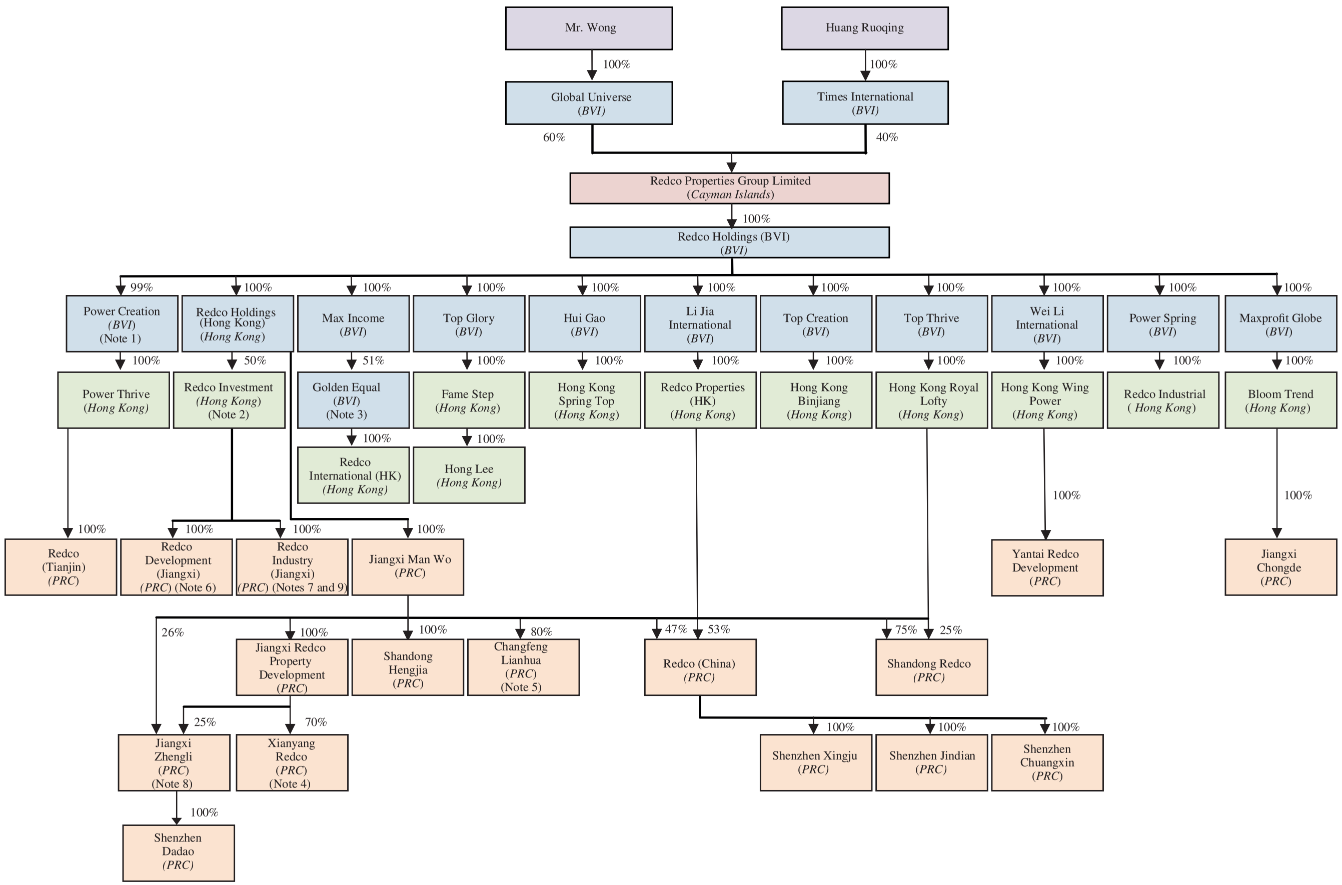
Our PRC Legal Adviser has further advised that the possibility of new contrary regulations or the interpretations of applicable laws and regulations to be promulgated by MOFCOM, CSRC or other relevant authorities cannot be excluded.

Circular No. 75

On 21 October 2005, the SAFE issued the Circular No. 75 which became effective on 1 November 2005. According to the Circular No. 75, PRC residents shall register with the local SAFE branch before establishing or controlling any offshore special purpose company with assets or equity in a Chinese company for the purpose of offshore equity financing. In addition, these PRC residents are required to update its SAFE registration with the local SAFE branch with respect to that offshore special purpose company under certain circumstances.

Our PRC legal Adviser has advised us the applicable shareholder, namely Huang Ruoqing has registered with Tianjin SAFE branch regarding his overseas investment in our Group before the completion of the Reorganisation and should update such registration after the completion of the Reorganisation and the Listing.

Upon the completion of the Reorganisation but immediately before completion of the Global Offering and the Capitalisation Issue, our corporate structure was as follows:



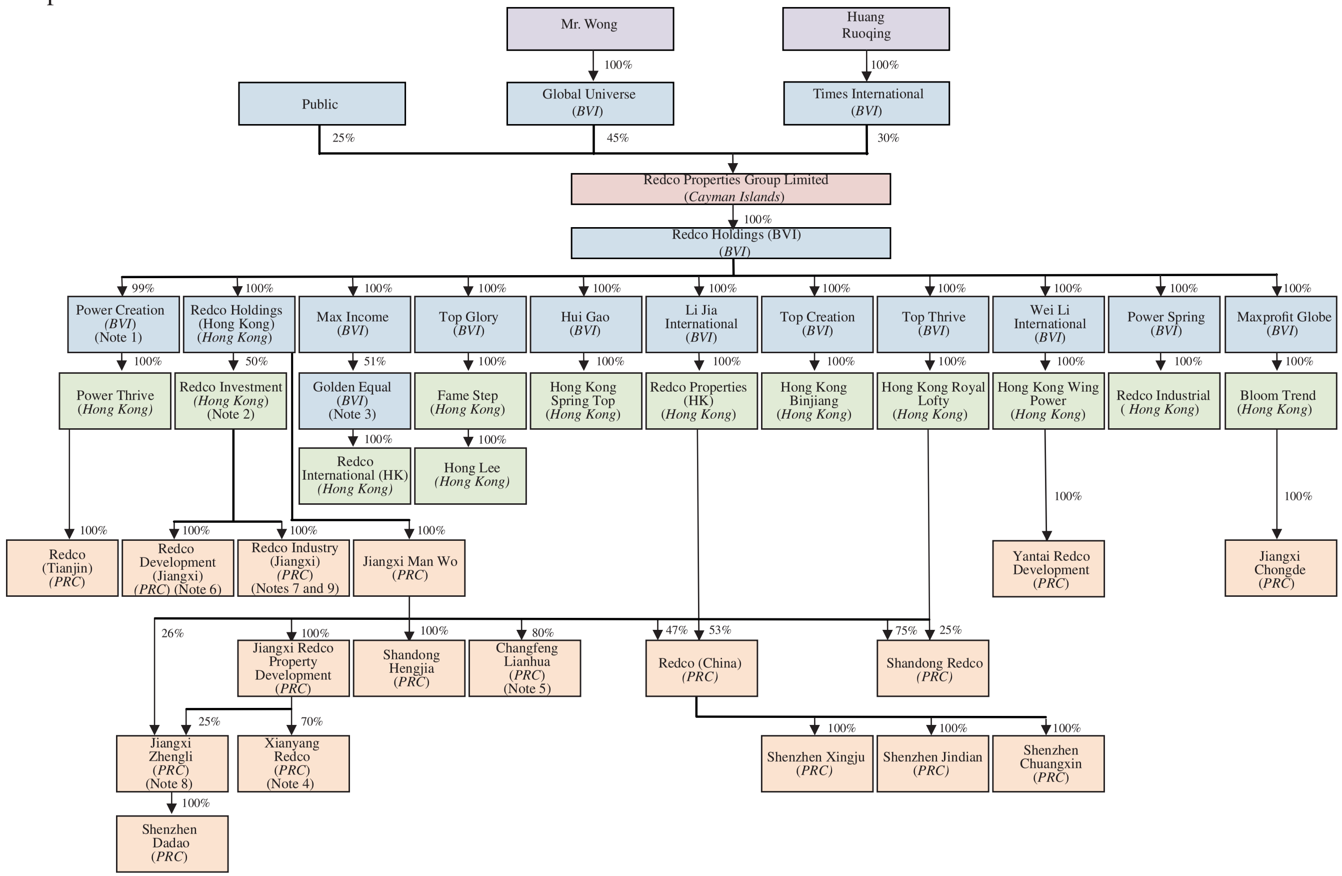
Notes:

1. The remaining 1% of the issued share capital of Power Creation is owned by Cheng Ming-kun (鄭銘坤). Due to his interest in Power Creation and that he is a director of Power Thrive and Redco (Tianjin), Cheng Ming-kun is a connected person of our Company.
2. The remaining 50% of the issued share capital of Redco Investment is owned by Top Plan (HK) Limited, a connected person of our Company. Redco Holdings (Hong Kong) has control over the business operations and material matters of Redco Investment since the establishment of Redco Investment.
3. The remaining 49% of the issued share capital of Golden Equal is owned by High Valued Group Limited, a connected person of our Company.
4. The remaining 30% of the equity interest of Xianyang Redco is owned by Chen Huaimei. Due to his interest in Xianyang Redco and that he is a director of Xianyang Redco, Chen Huaimei is a connected person of our Company.
5. The remaining 20% of the equity interest of Changfeng Lianhua is owned by Fujian Qunsheng Group Co., Ltd. (福建群盛集團有限公司), a connected person of our Company.
6. Redco Holdings (Hong Kong) has the control over the business operations and material matters of Redco Development (Jiangxi) since the establishment of Redco Development (Jiangxi).
7. Redco Holdings (Hong Kong) and Top Plan (HK) Limited have joint control over the business operations and material matters of Redco Industry (Jiangxi) since the establishment of Redco Industry (Jiangxi).
8. The remaining 49% of the equity interest of Jiangxi Zhengli is owned by Nanchang Municipal Public Construction Co., Ltd. (南昌市政公用建設有限公司), a connected person of our Company.
9. Redco Industry (Jiangxi) holds 30% of the equity interest in Nanchang Fuchun Catering Co., Ltd. (南昌富淳餐飲有限公司). The remaining 70% of the equity interest of Nanchang Fuchun Catering Co., Ltd. is owned by Shanghai Fuchun Catering Management Co., Ltd. (上海富淳餐飲管理有限公司), an Independent Third Party.

Capitalisation Issue

Conditional on the share premium account of our Company being credited as a result of the Global Offering, the Directors are authorised to capitalise the amount of HK$119,999,980 from such account and apply such sum in paying up in full at par a total of 1,199,999,800 Shares for allotment and issue to our shareholders, on a pro rata basis.

Immediately after completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised), our corporate structure was as follows:



Notes:

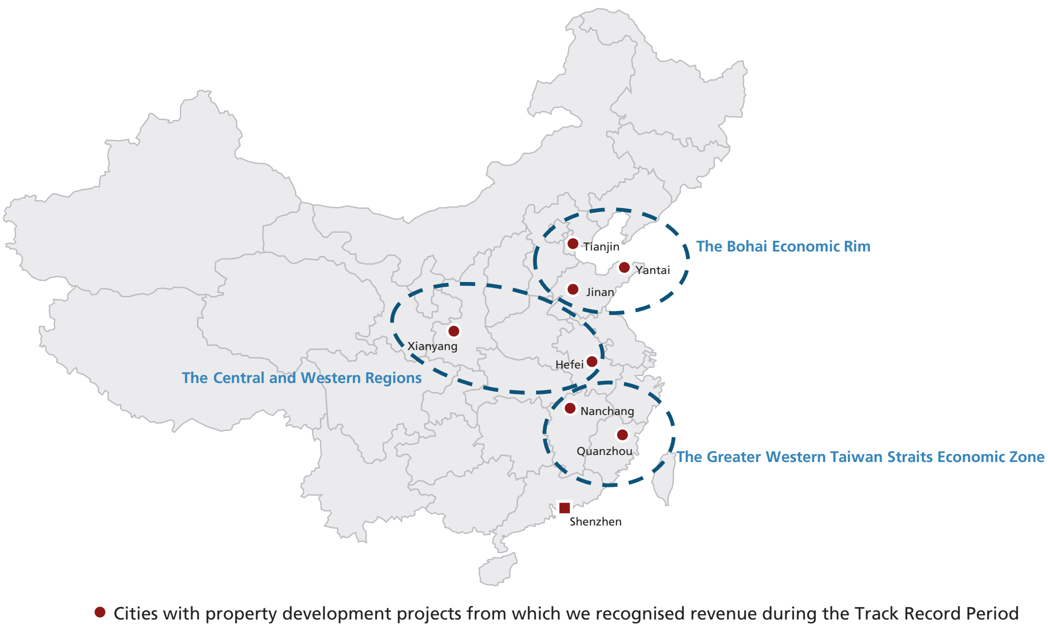
1. The remaining 1% of the issued share capital of Power Creation is owned by Cheng Ming-kun (鄭銘坤). Due to his interest in Power Creation and that he is a director of Power Thrive and Redco (Tianjin), Cheng Ming-kun is a connected person of our Company.
2. The remaining 50% of the issued share capital of Redco Investment is owned by Top Plan (HK) Limited, a connected person of our Company. Redco Holdings (Hong Kong) has control over the business operations and material matters of Redco Investment since the establishment of Redco Investment.
3. The remaining 49% of the issued share capital of Golden Equal is owned by High Valued Group Limited, a connected person of our Company.
4. The remaining 30% of the equity interest of Xianyang Redco is owned by Chen Huaimei. Due to his interest in Xianyang Redco and that he is a director of Xianyang Redco, Chen Huaimei is a connected person of our Company.
5. The remaining 20% of the equity interest of Changfeng Lianhua is owned by Fujian Qunsheng Group Co., Ltd. (福建群盛集團有限公司), a connected person of our Company.
6. Redco Holdings (Hong Kong) has the control over the business operations and material matters of Redco Development (Jiangxi) since the establishment of Redco Development (Jiangxi).
7. Redco Holdings (Hong Kong) and Top Plan (HK) Limited have joint control over the business operations and material matters of Redco Industry (Jiangxi) since the establishment of Redco Industry (Jiangxi).
8. The remaining 49% of the equity interest of Jiangxi Zhengli is owned by Nanchang Municipal Public Construction Co., Ltd. (南昌市政公用建設有限公司), a connected person of our Company.
9. Redco Industry (Jiangxi) holds 30% of the equity interest in Nanchang Fuchun Catering Co., Ltd. (南昌富淳餐飲有限公司). The remaining 70% of the equity interest of Nanchang Fuchun Catering Co., Ltd. is owned by Shanghai Fuchun Catering Management Co., Ltd. (上海富淳餐飲管理有限公司), an Independent Third Party.

OVERVIEW

We are an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang.

We believe that we have successfully established the "Redco" brand in the cities where we have built our presence. For four consecutive years since 2010, we have been recognised as one of "China's Top 100 Real Estate Developers" (中國房地產百強企業) by the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). In 2013, we were recognised as one of the "2013 Top 10 Brands of South China Real Estate Companies" (2013 中國華南房地產公司品牌價值 Top 10) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy. In addition, our property projects have also received numerous awards from different organisations.

Since we commenced property development operations in 1995, we have successfully executed our multi-regional strategy and demonstrated a proven track record of success by developing in strategically selected cities that we believe possesses high growth potential across the PRC. Subsequent to our initial success in Quanzhou, Fujian Province, we deliberately expanded and quickly replicated our success in strategically targeted key economic cities including Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang. During the Track Record Period, we recognised revenue from property development projects covering seven selected key economic cities as indicated below. In December 2013, we have further entered into a land grant contract for the acquisition of a parcel of land in Shenzhen, a first tier city in the Pearl River Delta Region. As at 31 December 2013, we had 15 property development projects with an aggregate GFA of 3,959,483.6 sq.m.



- **The Greater Western Taiwan Straits Economic Zone**

  In the Greater Western Taiwan Straits Economic Zone, we have strategically targeted the key economic cities of Quanzhou, Fujian Province, and Nanchang, Jiangxi Province. Nanchang is the provincial capital of Jiangxi Province. In 2010, 2011 and 2012, Quanzhou's nominal GDP ranked first among all the cities in the Greater Western Taiwan Straits Economic Zone. As at 31 December 2013, we had a land bank comprising six property development projects in the Greater Western Taiwan Straits Economic Zone with an aggregate GFA of 1,066,677.5 sq.m.

- **The Bohai Economic Rim**

  In the Bohai Economic Rim, we have property development projects in Tianjin, Jinan, Shandong Province, and Yantai, Shandong Province. Tianjin is one of the four centrally-administered municipalities in the PRC, Jinan is the provincial capital of Shandong Province and Yantai's nominal GDP ranked second in Shandong Province in 2010, 2011 and 2012. As at 31 December 2013, we had a land bank comprising six property development projects in the Bohai Economic Rim with an aggregate GFA of 1,959,713.5 sq.m.

- **The Central and Western Regions**

  In the Central and Western Regions, we have property development projects in Hefei, Anhui Province, and Xianyang, Shaanxi Province. Hefei is the provincial capital of Anhui Province. Under the government initiative of "Integration of Xi'an and Xianyang", favourable governmental policies are being implemented to allow Xi'an and Xianyang to develop into an integrated central commercial hub in Western China. In 2010, 2011 and 2012, the combined nominal GDP of Xi'an and Xianyang ranked first in Shaanxi Province. As at 31 December 2013, we had a land bank comprising two property development projects in the Central and Western Regions with an aggregate GFA of approximately 755,452.6 sq.m.

In December 2013, we have further entered into a land grant contract for the acquisition of a parcel of land with a planned GFA of 177,640.0 sq.m. in Shenzhen, a first tier city in the Pearl River Delta Region.

While we continue to strengthen our market position in strategically targeted key economic cities in the three regions, we intend to leverage our experience and expertise to expand our operations and replicate our success in other cities with high GDP and population growth potential where we do not have any presence currently. We believe that our strategic focus on the selected key economic cities with high growth potential will enable us to benefit from sustained economic growth and accelerating urbanisation in these cities in the coming years.

We have established diversified land acquisition strategies that complement each other, including acquisitions from third parties and listings-for-sale. We have also employed other land acquisition strategies including: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our track record in developing quality property projects to acquire further land in the same geographical area.

For example, we successfully incorporated the cultural concept of the Mazu goddess (媽祖) to acquire land in Tianjin, a coastal city in the Bohai Economic Rim. With Mr. Wong's strong ties with various Mazu cultural organisations, we gained deep insights into the importance of Mazu culture to Tianjin. Leveraging on such knowledge and in line with the Tianjin local government's desire to facilitate Mazu culture and economic development in Taiwan and the PRC, we formed a joint venture company with the largest Mazu worshipping temple in Taiwan to acquire our first parcels of land in coastal Tianjin for our Sunshine Coast and Land Lot Nos. A1 and A2 projects.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

We have demonstrated a proven track record of multi-regional success by focusing on key economic cities of the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions

We have demonstrated a track record of success in the execution of our multi-regional business model since we commenced property development operations in 1995. Among property developers in China, we believe that we were an early adopter of a multi-regional expansion strategy. Subsequent to our initial success in Quanzhou, Fujian Province, we made the deliberate strategic decision to expand our business in 1999 to other cities where we had identified opportunities.

In our recent expansion, we strategically targeted key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions. These include the municipality of Tianjin, provincial capital cities such as Nanchang, Hefei and Jinan, as well as other cities in these regions such as Quanzhou, Xianyang and Yantai. With high GDP and population growth potential, these cities present profitable opportunities for property development. We believe that we will continue to benefit from the favourable macroeconomic environment in the PRC, including sustained economic growth and accelerating urbanisation in the cities that we have strategically targeted. Generally, we have focused on developing mid-to-high-end properties, which we believe meet the needs of the growing middle class in these cities looking to either purchase their first homes or upgrade their living environment.

Our relatively early expansion into various cities in these regions has allowed our management to gain valuable experience in the course of overcoming the multitude of challenges associated with developing properties across multiple regions and cities. Over the years, we have accumulated extensive knowledge of the mechanisms of developing a new market as well as the business environment and particularities of each of the local markets we have entered into. We have also developed extensive working relationships with the respective local governments and business partners, including reputable design firms such as AECOM and Belt Collins. We believe that such knowledge and relationships will serve as a solid foundation to support the execution of our multi-regional strategy as we expand.

We have acquired a quality land bank at competitive costs

We have established diversified land acquisition strategies that complement each other. We believe these land acquisition strategies have enabled us to acquire land at competitive costs. In 2010, 2011 and 2012 and the nine months ended 30 September 2013, our average land acquisition cost per sq.m. delivered represented 8.8%, 11.0%, 8.9% and 15.3%, respectively, of our average selling price for the respective periods.

Historically, we have primarily acquired land through acquisition from third parties and listings-for-sale. We believe that we have generally been able to acquire land from original project owners who typically were able to make land acquisitions at an early stage when land costs were relatively low. We have also employed diversified land acquisition strategies to acquire land at competitive costs by selectively engaging in property development projects that we believe are compatible with local government policies or other local interests. In particular, our land acquisition strategies include: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our track record in developing quality property projects to acquire further land in the same geographical area.

For example, we successfully introduced the cultural concept of the Mazu goddess to acquire land in Tianjin. Mazu is considered the most influential and widely worshiped goddess of the sea among coastal Chinese people. Through Mr. Wong's strong ties with Mazu cultural associations, we gained deep insights into the importance of Mazu culture to Tianjin, a coastal city in the Bohai Economic Rim. Leveraging on such knowledge and in line with the Tianjin local government's desire to facilitate Mazu culture and economic development in Taiwan and the PRC, we formed a joint venture company with the largest Mazu worshipping temple in Taiwan to acquire our first parcels of land in coastal Tianjin for our Sunshine Coast and Land Lot Nos. A1 and A2 projects.

We also succeeded in acquiring land at competitive costs through early involvement in areas encouraged by the respective local governments in Yantai and Jinan. We believe that such early involvement has enabled us to gain valuable insights into the relevant land in terms of growth potential, costs and development plans of local governments.

Furthermore, we successfully leveraged on our track record in developing quality property projects to acquire further land in the same geographical area. We believe that our past success in building quality property developments in a targeted city demonstrates our commitment to growing together with the city, thereby placing us in a competitive position to acquire further land for development.

We believe that our proven track record of diversified land acquisition strategies will enable us to execute similar strategies to acquire land at competitive costs in our future development.

The table below summarises our average land acquisition costs during the Track Record Period:

Year	City where we delivered properties during the year/period	Average land acquisition costs per sq.m. delivered	Total GFA delivered	Time of acquisition/(year)
		(RMB per sq.m.)	*(sq.m.)*	
2010	Quanzhou	95	14,649	2004
	Nanchang	332	187,292	2006, 2008
	Hefei	706	101,274	2002, 2004
Subtotal		445	303,215	
2011	Quanzhou	85	3,588	2004
	Nanchang	155	156,116	2006, 2008
	Hefei	609	67,812	2004, 2011
	Jinan	1,083	77,315	2006
Subtotal		491	304,831	
2012	Quanzhou	—	100	2004
	Nanchang	482	94,345	2006, 2008
	Hefei	556	166,215	2011
Subtotal		529	260,660	
2013 (up to 30 September 2013)	Nanchang	1,155	129,890	2006, 2008, 2010
	Hefei	575	35,605	2004, 2011
	Jinan	1,003	156,109	2009
Subtotal		1,017	321,604	

We have been successful in establishing the "Redco" brand in the cities where we have built our presence

We believe that we have successfully established the "Redco" brand in the cities where we have built our presence. For four consecutive years since 2010, we have been recognised as one of "China's Top 100 Real Estate Developers" (中國房地產百強企業) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy. In 2013, we were recognised as one of the "2013 Top 10 Brands of South China Real Estate Companies" (2013中國華南房地產公司品牌價值Top 10) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy.

We believe that our strong and growing reputation is partly attributable to our emphasis on the design and quality of our property development projects. We aim to maximise the value of each parcel of land by constructing properties suiting its particular features as well as local preferences. Over the years, we have engaged a number of professional design firms for our projects. We believe that our collaboration with these reputable design firms enhances the quality of design of our property projects which in turn boosts the recognition of our "Redco" brand. We have also leveraged the landmark properties we have built to enhance our brand image. A prime example is our Crowne Plaza Nanchang Riverside Hotel, the first international five-star hotel in Jiangxi Province, which is located adjacent to our Crown International project in Nanchang. We believe that the reputation of the hotel enhances not only the image of our residential and commercial properties in the Crowne International project, but also the image of our other developments in the city of Nanchang.

Our property development projects have received recognitions for their quality and designs. For example, Riverside International in Nanchang was recognised as "2013 New Landmark of Cities in China (Nanchang)" (2013中國(南昌)城市新名片) by SouFun.com (搜房網) for being a well-known, well-received and stylish property project; and Spain Standard in Nanchang was awarded the "2012-2013 Best Quality Model Real Estate Development in Jiangxi" (2012-2013江西地產最佳品質示範力大盤) by Jiangxi Morning Post (江西晨報社) owing to its personalised design, attention to details and quality construction materials and construction works. Please refer to the section headed "— Awards and Recognitions" in this prospectus for further details regarding awards and recognitions received by our property development projects.

Our standardised property designs and business protocols allow us to swiftly capture new market opportunities in the key economic cities

We have accumulated over the years a diverse portfolio of standardised property designs and business protocols that give us the flexibility to expand quickly in the key economic cities that we have targeted. In particular, we have been focusing on three well-defined property series: (i) city-centre apartment developments; (ii) integrated multi-purpose developments with residential and commercial properties; and (iii) "ecological-city" styled residential developments comprising multi-storey apartments and high-rise residential apartments and ancillary facilities. We actively fine-tune the concepts and designs for each individual project so that we consistently maintain the quality of our product offerings. Please refer to the section headed "— Our property development projects — Property series" in this prospectus for further details regarding our property series. We believe that our standardised property designs and business protocols allow us to swiftly capture new market opportunities in the key economic cities.

We have a management team with strong execution capabilities and extensive industry experience

We believe that the strong execution capabilities of our management team have been instrumental in executing our business strategies and achieving our current market position.

Our management team have an average of 12 years of industry experience. The executive Directors of our Board have served our Group for over a decade, which facilitates the promotion of common corporate values and operating philosophy. Our management team comprises professionals with expertise in a wide range of fields, including real estate development, planning, design, engineering, finance, project investment, operations and marketing and sales. Throughout the years, we have endeavoured to recruit and train employees who we believe have potential to contribute to the growth of our Company.

OUR BUSINESS STRATEGIES

Within the next five years, we aim to become (i) one of the top 50 real estate developers in the PRC and (ii) one of the leading real estate developers in each of our strategically targeted key economic cities. We believe that we can achieve the aforesaid objectives by executing the following strategies:

Further expand our business operations in the key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions as well as other regions in China

We have located our projects in strategically targeted key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions. We will continue to strengthen our market position in these cities while further expanding our operations by:

- leveraging on our experience and expertise in the cities where we have established our presence as well as our understanding of our target customers and our strong relationships with local governments and business partners, to acquire new parcels of land and develop new projects in these cities;

- seeking to enter into the property markets of other cities with high GDP and population growth potential in the three regions where we currently do not have any presence; and

- identifying and capturing new business opportunities in the other regions of the PRC, including first tier and second tier cities in the Yangtze River Delta Region and the Pearl

River Delta Region. In December 2013, we have entered into a land grant contract for the acquisition of a parcel of land with a site area of 33,035.3 sq.m. and a planned GFA of 177,640.0 sq.m. in Shenzhen, a first tier city in the Pearl Delta Region where our headquarters are based.

Please refer to the section headed "— Projects with framework agreements or letters of intent signed" in this prospectus for further details.

Continue our diversified land acquisition strategies with a view to allocating financial resources to what we believe to be the most profitable opportunities

We intend to continue to follow our diversified land acquisition strategies. We intend to continue prioritising our financial resources towards what we believe to be the most profitable opportunities by selectively targeting land that we believe has high growth potential and acquiring such land at competitive costs. In particular, we intend to continue to leverage our experience with land acquisition strategies such as: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities, in particular, the cultural concept of the Mazu goddess; (ii) early involvement in areas encouraged by the local government; and (iii) leveraging on our past success in developing quality property projects to acquire further land in the same geographical area.

As part of our expansion, we may also make strategic investment and acquisitions that complement our operations. Our Directors confirm that we had not identified a suitable target for such investment or acquisition as at the Latest Practicable Date.

Continue to focus primarily on residential property development while achieving an optimal and diversified portfolio by developing a higher proportion of commercial property development projects

Historically, we focused primarily on residential properties. We intend to continue to further diversify our product mix by engaging in a higher proportion of commercial property development projects in the coming years. We intend to continue developing landmark properties such as high-grade office buildings and hotels at prime locations, which we believe will enhance the image of our "Redco" brand. We intend to sell most of our commercial property projects to support the expansion of our operations while strategically retaining high quality commercial properties as investment properties for generating rental income. We believe that diversifying our product mix will enhance our ability to expand and will enable us to effectively respond to any macro-economic policy affecting the PRC residential property sector.

Further strengthen our "Redco" brand by providing quality products to our customers and continuing to engage in projects that entail the construction of landmark properties

We believe that we have established a reputation for well-designed high quality properties as demonstrated by recognitions such as "2013 New Landmark of Cities in China (Nanchang)" (2013 中國(南昌)城市新名片) in respect of Riverside International in Nanchang and "2012-2013 Best Quality Model Real Estate Development in Jiangxi" (2012-2013 江西地產最佳品質示範力大盤) in respect of Spain Standard in Nanchang. We intend to solidify such reputation in the cities where we have established a presence as well as our other strategically targeted cities. We intend to remain focused on creative architectural planning and innovative product designs to provide superior value to our customers, which we believe will in turn enhance our reputation. We also intend to expand our collaborations with reputable design firms to further enhance the recognition of our "Redco" brand. Furthermore, we aim to engage in more projects that entail building landmark properties such as well-recognised hotels or office buildings at prime locations, and we believe such projects would enhance recognition of our "Redco" brand. We also plan to continue to organise promotional events such as economic forums to promote our "Redco" brand.

Continue to recruit, retain and motivate a talented workforce

We believe that our employees are our invaluable assets. In order to support our growth and expansion, we aim to attract and recruit employees with a wide range of expertise including real estate development, project planning, design, finance and marketing and sales. We emphasise the long-term development of a quality workforce and the alignment of the interests of our workforce with those of our Company. We will continue to recruit, retain and motivate a talented workforce by offering our staff performance-based compensation packages, on-the-job training programs, opportunities to advance and a strong corporate culture that promotes the interests of all stakeholders including shareholders, employees and the society at large.

OUR BUSINESS MODEL

We focus on mid-to-high-end residential property development in strategically targeted cities in the PRC, which we believe meet the needs of the growing middle class in these cities looking to either purchase their first homes or upgrade their living environment. We primarily offer multi-storey, low-rise and high-rise apartments and townhouses accompanied by street-level retail spaces to satisfy customers' daily needs for living, entertainment and leisure. We have also developed landmark properties such as high-grade office buildings and hotels at prime locations.

OUR PROPERTY DEVELOPMENT PROJECTS

As at 31 December 2013, our property portfolio comprised 15 property development projects under various stages of development in various cities in the Bohai Economic Rim (Tianjin, Jinan and Yantai), the Greater Western Taiwan Straits Economic Zone (Nanchang) and the Central and Western Regions (Hefei and Xianyang).

We mainly categorise our residential properties as follows:

- multi-storey apartments (多層洋房住宅) — which are typically buildings with four to seven storeys;
- low-rise apartments (小高層住宅) — which are typically buildings with eight to 18 storeys;
- high-rise apartments (高層住宅) — which are typically buildings with 19 to 33 storeys; and

- townhouses (聯排住宅) — which are typically houses with no more than three storeys connected to each other.

Property Series

We categorise our property development projects into three series depending primarily on the location of the property for the purpose of delineating the different positioning of each project. Key features of each of our property series are set forth below:

- Central City series (中心城系列) — located within the proximity of city centres or busy new city areas with complete ancillary living facilities, comprising primarily low-rise and high-rise residential apartments;

- City Complex series (城市綜合體系列) — located in city centres or new central commercial districts, comprising commercial properties including hotel, office units and street-level retail spaces and residential properties including low-rise and high-rise residential apartments, satisfying customers' needs for shopping, entertainment and leisure; and

- Ecological City series (生態城系列) — located in a large residential or ecological zone neighbouring natural environment, comprising primarily townhouses, multi-storey apartments and high-rise residential apartments.

Classification of our Property Developments projects

The table below sets forth our classification of properties, and the corresponding classification of properties in the accountant's report and the property valuation report, which are set out in Appendix I and Appendix IV to this prospectus, respectively:

This prospectus	Accountant's report	Property valuation report
Completed projects: projects or phases for which we have received the relevant certificates of completion issued by the relevant governmental authorities.	• Completed properties held for sale	• Group I — Properties held by the Group for sale or owner occupation in the PRC
Projects under development: projects or phases for which we have received the relevant construction works commencement permits but construction works have not yet been completed.	• Properties under development for sale	• Group II — Properties held by the Group under development in the PRC

This prospectus	Accountant's report	Property valuation report
Projects for future development: projects or phases for which construction works has not yet commenced and we have: (a) received the relevant land use rights certificates, (b) signed the relevant land grant contracts but not yet obtained land use rights certificates, or (c) received the confirmation letter on bidding for granting land use rights but not yet signed the relevant land grant contracts.	• Prepayment for leasehold land • Land use rights under Properties under development for sale	• Group III — Properties held by the Group for future development in the PRC
Projects with framework agreements or letters of intent signed: projects or project phases for which we have entered into an framework agreements or letters of intent based on our overall strategies and business development plans with the relevant government authorities, which sets forth the general development conditions relating to the site, including project type, site area and plot ratio.	• Not applicable	• Group IV — Properties intended to be acquired by the Group in the PRC

Since some of our property development projects comprise multiple-phase developments, a single project may include different phases falling into any one or more of the above categories.

The names of our property development projects used in this prospectus are those project names which we have used, or intend to use, to market our properties. Some of the names of our property development projects may be different from the names registered with the relevant authorities. Some of the names are subject to approval by the relevant authorities and are therefore subject to change. The English names of our property projects are for reference and marketing purposes only.

For details of the classification of properties in the property valuation report and the accountant's report, please refer to the accountant's report and property valuation report set out in Appendix I and Appendix IV to this prospectus, respectively.

In this prospectus, the figures for land site area and the information setting out the construction period of our property development projects are based on the relevant documents issued by the PRC Government, survey reports or our own internal records, as applicable.

The following figures are based on our internal records, internal estimates and business plans: (i) figures for Saleable GFA pre-sold, planned GFA and GFA without land use rights certificates; and (ii) information regarding estimated construction commencement date, estimated pre-sale commencement date, estimated construction completion date, development costs incurred and future development costs to be incurred. The actual figures and construction or pre-sale schedules may differ in the future in material respects from our current estimates.

A property is considered to be sold after we have executed the relevant pre-sales contract, completed construction works in respect of the property and delivered the property to our customer. A property is considered to be pre-sold after we have executed the relevant pre-sales contract but have not yet delivered the property to our customer. A property is considered to be delivered to our customer when our customer has signed the written confirmation of the delivery of the property. Our customers are required to acknowledge receipt of delivery of properties in accordance with the terms under their respective sale and purchase agreements.

Our PRC Legal Adviser has advised us that our projects under development have complied with the requirements under the Catalogue for the Guidance of Foreign Investment Industries (2011 version)《外商投資產業指導目錄》(2011年修訂).

PORTFOLIO OF OUR PROPERTY DEVELOPMENT PROJECTS

The table below is a summary of our portfolio of property development projects as at 31 December 2013.

		COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area(1)	GFA completed(2)	Saleable GFA	Saleable GFA remaining unsold	GFA under development(2)	Saleable GFA	Saleable GFA pre-sold	Planned GFA(2)	GFA without land use rights certifi -cates(3)	Actual/ estimated construction commen -cement date(4)	Actual/ estimated pre-sale commen -cement date(5)	Actual/ estimated construction completion date(6)	Develop -ment costs incurred(7)	Future development costs to be incurred(8)	Group's interest	Group's attributable market value	Reference to property valuation report
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
NANCHANG																	
Crown International 皇冠國際	53,673.2	271,040.4	205,740.8	16,606.4	—	—	—	—	—	Q2 2007	Q2 2008	Q4 2011	977.0	—	50.0	29.9	1
Residential		157,362.7	153,233.9	176.8	—	—	—	—	—								
Commercial		3,845.9	2,612.6	2,203.8	—	—	—	—	—								
Office		10,365.1	8,031.3	67.8	—	—	—	—	—								
Car park		32,324.0	32,324.0	12,325.7	—	—	—	—	—								
Car park (Civil air defense)		9,539.0	9,539.0	1,832.3	—	—	—	—	—								
Ancillary		19,444.0	—	—	—	—	—	—	—								
Hotel (Public/common area)		38,159.7	—	—	—	—	—	—	—								
Crowne Plaza Nanchang Riverside Hotel 力高皇冠假日酒店	4,636.7	57,986.8	57,986.8	57,986.8	—	—	—	—	—	Q1 2008	Q3 2008	Q3 2011	N/A(9)	—	50.0	324.5	2
Office		14,131.1	14,131.1	14,131.1	—	—	—	—	—								
Hotel		43,855.7	43,855.7	43,855.7	—	—	—	—	—								
Spain Standard 力高國際城	466,665.3	603,671.8	597,383.9	74,476.9	305,265.8	298,241.0	141,891.4	—	—				2,125.7	181.3	100.0	1,641.0	3,8
Phase I		89,619.6	89,619.6	16,108.3	—	—	—	—	—	Q1 2008	Q4 2008	Q3 2010	220.3	—			3
Residential		70,041.1	70,041.1	943.3	—	—	—	—	—								
Commercial		6,867.5	6,867.5	3,796.7	—	—	—	—	—								
Car park		12,711.0	12,711.0	11,368.3	—	—	—	—	—								
Phase II		99,204.7	99,204.7	12,904.6	—	—	—	—	—	Q3 2009	Q3 2009	Q3 2013	225.6	—			3
Residential		81,925.7	81,925.7	1,393.2	—	—	—	—	—								
Commercial		4,370.0	4,370.0	—	—	—	—	—	—								
Car park		12,909.0	12,909.0	11,511.4	—	—	—	—	—								
Phase III		162,185.1	159,872.9	10,285.9	—	—	—	—	—	Q2 2010	Q4 2010	Q4 2011	369.3	—			3
Residential		153,041.3	150,729.1	5,068.9	—	—	—	—	—								
Car park (Civil air defense)		9,143.8	9,143.8	5,217.0	—	—	—	—	—								
Phase IV		252,662.5	248,686.8	35,178.1	—	—	—	—	—	Q3 2011	Q3 2011	Q4 2013	684.7	—			3
Residential		202,792.3	202,707.4	858.3	—	—	—	—	—								
Commercial		17,766.2	17,766.2	10,642.3	—	—	—	—	—								
Car park (Civil air defense)		28,213.2	28,213.2	23,677.5	—	—	—	—	—								
Ancillary		3,890.8	—	—	—	—	—	—	—								
Phase V		—	—	—	305,265.8	298,241.0	141,891.4	—	—	Q3 2012	Q4 2012	Q4 2014	625.8	181.3			8
Residential		—	—	—	240,400.5	240,400.5	141,345.2	—	—								
Commercial		—	—	—	22,790.8	22,790.4	—	—	—								
Car park		—	—	—	19,983.1	19,983.1	546.2	—	—								
Car park (Civil air defense)		—	—	—	15,067.0	15,067.0	—	—	—								
Ancillary		—	—	—	7,024.4	—	—	—	—								

Project	Site area(1)	COMPLETED: GFA completed(2)	COMPLETED: Saleable GFA	COMPLETED: Saleable GFA remaining unsold	UNDER DEVELOPMENT: GFA under development(2)	UNDER DEVELOPMENT: Saleable GFA	UNDER DEVELOPMENT: Saleable GFA pre-sold	FUTURE DEVELOPMENT: Planned GFA(2)	FUTURE DEVELOPMENT: GFA without land use rights certifi -cates(3)	Actual/ estimated construction commen -cement date(4)	Actual/ estimated pre-sale commen -cement date(5)	Actual/ estimated construction completion date(6)	Develop -ment costs incurred(7)	Future development costs to be incurred(8)	Group's interest	Group's attributable market value	Reference to property valuation report
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*				*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	
Riverside International 濱江國際	37,345.7	118,917.4	114,863.5	34,017.4	85,683.2	76,357.2	56,483.6	—	—	Q1 2011	Q2 2011	Q4 2014	955.1	97.5	100.0	857.0	4,9
Residential		69,099.4	65,045.5	7,816.1	—	—	—	—	—								
Commercial		—	—	—	7,666.4	7,666.4	685.5	—	—								
Office		—	—	—	74,497.8	68,690.9	55,798.1	—	—								
Car park		44,343.0	44,343.0	21,887.7	—	—	—	—	—								
Car park (Civil air defense)		5,475.0	5,475.0	4,313.6	—	—	—	—	—								
Ancillary		—	—	—	3,519.0	—	—	—	—								
Bluelake County 瀾湖郡	135,285.0	—	—	—	—	—	—	286,794.7	—				264.4	722.6	100.0	417.0	14
East zone		—	—	—	—	—	—	208,527.8	—	Q2 2014	Q3 2014	Q3 2016					
Residential		—	—	—	—	—	—	152,197.9	—								
Commercial		—	—	—	—	—	—	23,112.2	—								
Car park		—	—	—	—	—	—	25,795.1	—								
Car park (Civil air defense)		—	—	—	—	—	—	4,770.8	—								
Ancillary		—	—	—	—	—	—	2,651.8	—								
West zone		—	—	—	—	—	—	78,266.9	—	Q3 2014	Q3 2015	Q3 2016					
Apartment		—	—	—	—	—	—	47,037.9	—								
Commercial		—	—	—	—	—	—	17,906.3	—								
Car park		—	—	—	—	—	—	3,996.8	—								
Car park (Civil air defense)		—	—	—	—	—	—	9,325.9	—								
Riverlake International 濱湖國際	68,373.0	—	—	—	—	—	—	205,846.3	205,846.3	Q1 2014	Q3 2014	Q2 2017	423.3	1,008.8	51.0	N/A	15
Residential		—	—	—	—	—	—	137,938.0	137,938.0								
Commercial		—	—	—	—	—	—	8,999.7	8,999.7								
Car park		—	—	—	—	—	—	27,712.8	27,712.8								
Car park (Civil air defense)		—	—	—	—	—	—	27,712.8	27,712.8								
Ancillary		—	—	—	—	—	—	3,483.0	3,483.0								
TIANJIN																	
Sunshine Coast 陽光海岸	481,394.0	—	—	—	184,949.2	181,531.4	325.0	1,290,276.8	—				859.8	5,761.2	99.0	5,615.3	10,16
Phase I		—	—	—	184,949.2	181,531.4	325.0	—	—	Q1 2012	Q2 2013	Q4 2014	548.3	419.9			10
Residential		—	—	—	143,242.8	142,110.0	325.0	—	—								
Commercial		—	—	—	13,886.9	13,731.0	—	—	—								
Car park		—	—	—	22,529.4	22,529.4	—	—	—								
Ancillary		—	—	—	5,290.1	3,161.0	—	—	—								
Phase II		—	—	—	—	—	—	311,925.1	—	Q2 2017	Q2 2018	Q4 2019	75.3				16
Residential		—	—	—	—	—	—	236,906.9	—								
Car park		—	—	—	—	—	—	75,018.2	—								
Phase III		—	—	—	—	—	—	425,898.8	—	Q2 2020	Q2 2021	Q4 2024	102.8	5,341.3			16
Residential		—	—	—	—	—	—	353,075.5	—								
Commercial		—	—	—	—	—	—	5,698.5	—								
Car park		—	—	—	—	—	—	56,297.9	—								
Ancillary		—	—	—	—	—	—	10,826.9	—								
Phase IV		—	—	—	—	—	—	552,452.9	—	Q3 2024	Q2 2025	Q4 2028	133.4				16
Residential		—	—	—	—	—	—	427,766.2	—								
Commercial		—	—	—	—	—	—	3,038.5	—								

		COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area(1)	GFA completed(2)	Saleable GFA	Saleable GFA remaining unsold	GFA under development(2)	Saleable GFA	Saleable GFA pre-sold	Planned GFA(2)	GFA without land use rights certifi -cates(3)	Actual/ estimated construction commen -cement date(4)	Actual/ estimated pre-sale commen -cement date(5)	Actual/ estimated construction completion date(6)	Develop -ment costs incurred(7)	Future development costs to be incurred(8)	Group's interest	Group's attributable market value	Reference to property valuation report
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
Car park		—	—	—	—	—	—	116,437.4	—								
Ancillary		—	—	—	—	—	—	5,210.8	—								
Land Lot Nos. A1 and A2	69,336.2	—	—	—	—	—	—	55,469.0	55,469.0	Q2 2015	Q2 2016	Q2 2018	27.0	243.0	99.0	N/A	17
Residential		—	—	—	—	—	—	44,375.2	44,375.2								
Commercial		—	—	—	—	—	—	11,093.8	11,093.8								
JINAN																	
Redco International 力高國際	54,162.0	—	—	—	226,076.9	214,966.2	106,310.8	—	—	Q1 2012	Q3 2012	Q3 2014	888.6	238.7	100.0	1,261.0	11
Residential		—	—	—	89,712.6	89,693.5	85,551.7	—	—								
Commercial		—	—	—	14,371.6	13,868.4	1,820.7	—	—								
Office		—	—	—	66,634.6	66,577.8	12,932.8	—	—								
Storage		—	—	—	6,244.2	6,244.2	6,005.6	—	—								
Car park		—	—	—	37,068.2	26,839.8	—	—	—								
Car park (Civil air defense)		—	—	—	11,774.9	11,742.5	—	—	—								
Ancillary		—	—	—	270.8	—	—	—	—								
Splendid the Legend 盛世名門	51,675.2	205,813.6	148,642.4	14,312.9	—	—	—	—	—	Q2 2010	Q2 2010	Q2 2013	847.3	12.0	100.0	55.0	5
Residential		160,631.0	112,508.6	981.6	—	—	—	—	—								
Commercial		5,924.9	5,880.2	964.4	—	—	—	—	—								
Storage		11,546.2	7,309.9	49.4	—	—	—	—	—								
Car park		12,801.9	9,192.4	8,875.6	—	—	—	—	—								
Car park (Civil air defense)		11,520.5	11,520.5	1,211.0	—	—	—	—	—								
Ancillary		3,389.1	2,230.9	2,230.9	—	—	—	—	—								
Scenery Holiday 假日麗景	34,934.9	87,545.2	85,995.5	2,157.9	—	—	—	—	—	Q4 2008	Q2 2009	Q1 2012	355.2	—	100.0	9.9	6
Residential		63,263.4	63,263.4	—	—	—	—	—	—								
Commercial		392.8	392.8	186.4	—	—	—	—	—								
Storage		7,998.3	7,998.3	509.7	—	—	—	—	—								
Car park		7,772.5	6,491.7	—	—	—	—	—	—								
Car park (Civil air defense)		6,460.9	6,460.9	73.4	—	—	—	—	—								
Ancillary		1,657.3	1,388.4	1,388.4	—	—	—	—	—								
YANTAI																	
Sunshine Coast - Phase I 陽光海岸 - 第一期	51,693.7	—	—	—	—	—	—	186,470.8	—	Q1 2014	Q3 2014	Q2 2016	233.8	620.7	100.0	236.0	18
Residential		—	—	—	—	—	—	137,299.1	—								
Commercial		—	—	—	—	—	—	7,457.0	—								
Car park		—	—	—	—	—	—	30,155.2	—								
Car park (Civil air defense)		—	—	—	—	—	—	9,170.0	—								
Ancillary		—	—	—	—	—	—	2,389.6	—								

Project	Site area(1)	COMPLETED GFA completed(2)	COMPLETED Saleable GFA	COMPLETED Saleable GFA remaining unsold	UNDER DEVELOPMENT GFA under development(2)	UNDER DEVELOPMENT Saleable GFA	UNDER DEVELOPMENT Saleable GFA pre-sold	FUTURE DEVELOPMENT Planned GFA(2)	FUTURE DEVELOPMENT GFA without land use rights certifi-cates(3)	Actual/ estimated construction commen-cement date(4)	Actual/ estimated pre-sale commen-cement date(5)	Actual/ estimated construction completion date(6)	Develop-ment costs incurred(7)	Future development costs to be incurred(8)	Group's interest	Group's attributable market value	Reference to property valuation report
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
HEFEI																	
Mix Kingdom Redco 力高●共和城	395,596.4	401,885.3	368,581.2	48,589.8	205,890.3	200,429.7	143,318.6	263,959.7	—				1,709.4	1,035.2	80.0	768.8	7,12,19
Phase West I		100,172.8	98,462.8	17,659.4	—	—	—	17,294.6	—	Q4 2007	Q1 2008	Q2 2014	216.0	58.8			7, 19
Residential		83,227.3	81,517.3	713.9	—	—	—	17,294.6	—								
Clubhouse		3,853.5	3,853.5	3,853.5	—	—	—	—	—								
Car park		13,092.0	13,092.0	13,092.0	—	—	—	—	—								
Phase West II		51,005.6	45,703.6	3,179.2	—	—	—	—	—	Q1 2009	Q3 2009	Q3 2011	156.5	—			7
Residential		42,650.4	38,041.5	1,187.5	—	—	—	—	—								
Commercial		7,768.3	7,662.1	1,991.7	—	—	—	—	—								
Ancillary		586.9	—	—	—	—	—	—	—								
Phase West III		67,305.2	67,242.0	4,548.8	—	—	—	—	—	Q4 2009	Q1 2010	Q2 2012	233.8	—			7
Residential		55,563.5	55,005.9	932.2	—	—	—	—	—								
Commercial		8,229.8	9,113.1	493.6	—	—	—	—	—								
Car park (Civil air defense)		3,123.0	3,123.0	3,123.0	—	—	—	—	—								
Ancillary		388.9	—	—	—	—	—	—	—								
Phase West IV		23,100.0	5,037.1	102.1	74,781.4	74,781.4	67,098.2	—	—	Q3 2012	Q2 2013	Q3 2014	214.9	174.5			7, 12
Residential		—	—	—	67,350.8	67,350.8	67,098.2	—	—								
Commercial		5,100.0	5,037.1	102.1	—	—	—	—	—								
Car park		—	—	—	4,672.8	4,672.8	—	—	—								
Car park (Civil air defense)		—	—	—	2,757.8	2,757.8	—	—	—								
Ancillary		18,000.0	—	—	—	—	—	—	—								
Phase West V		—	—	—	37,237.4	33,593.9	24,643.5	246,665.1	—	Q4 2013	Q4 2013	Q2 2015	195.2	616.0			12, 19
Residential		—	—	—	30,031.5	30,031.5	24,643.5	192,454.6	—								
Commercial		—	—	—	3,633.0	3,562.4	—	—	—								
Car park		—	—	—	—	—	—	41,751.0	—								
Car park (Civil air defense)		—	—	—	—	—	—	8,999.0	—								
Ancillary		—	—	—	3,572.9	—	—	3,460.5	—								
Phase East I		70,026.6	67,263.3	8,597.3	—	—	—	—	—	Q2 2010	Q4 2010	Q4 2012	225.7	—			7
Residential		55,644.4	55,266.7	237.8	—	—	—	—	—								
Commercial		4,416.2	4,416.2	779.1	—	—	—	—	—								
Clubhouse		3,720.0	1,334.4	1,334.4	—	—	—	—	—								
Car park (Civil air defense)		6,246.0	6,246.0	6,246.0	—	—	—	—	—								
Phase East II		88,075.2	82,681.3	12,311.9	—	—	—	—	—	Q3 2011	Q3 2011	Q1 2013	324.5	—			7
Residential		71,763.5	69,025.9	554.1	—	—	—	—	—								
Commercial		3,315.3	3,304.4	1,406.8	—	—	—	—	—								
Car park		10,351.0	10,351.0	10,351.0	—	—	—	—	—								
Ancillary		2,645.4	—	—	—	—	—	—	—								
Phase East III		2,200	2,191.1	2,191.1	93,871.5	92,054.4	51,576.9	—	—	Q1 2013	Q1 2013	Q2 2015	142.8	185.9			7, 12
Residential		—	—	—	75,655.0	75,655.0	51,576.9	—	—								
Commercial		2,200	2,191.1	2,191.1	—	—	—	—	—								
Car park		—	—	—	6,933.4	6,933.4	—	—	—								
Car park (Civil air defense)		—	—	—	9,466.0	9,466.0	—	—	—								
Ancillary		—	—	—	1,817.1	—	—	—	—								

Project	Site area(1)	GFA completed(2)	Saleable GFA	Saleable GFA remaining unsold	GFA under development(2)	Saleable GFA	Saleable GFA pre-sold	Planned GFA(2)	GFA without land use rights certifi -cates(3)	Actual/ estimated construction commen -cement date(4)	Actual/ estimated pre-sale commen -cement date(5)	Actual/ estimated construction completion date(6)	Develop -ment costs incurred(7)	Future development costs to be incurred(8)	Group's interest	Group's attributable market value	Reference to property valuation report
	COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
XIANYANG																	
Royal City — Phsae I 御景灣 — 第一期	69,466.8	—	—	—	125,508.5	121,784.1	21,393.1	111,504.3	—				207.4	437.6	70.0	219.8	13,20
Stage 1		—	—	—	48,548.6	47,610.0	21,393.1	—	—	Q2 2013	Q3 2013	Q4 2014					13
Residential		—	—	—	40,851.3	40,851.3	21,393.1	—	—								
Commercial		—	—	—	6,759.4	6,759.4	—	—	—								
Basement		—	—	—	937.9	—	—	—	—								
Stage 2		—	—	—	76,959.9	74,173.4	—	—	—	Q4 2013	Q1 2014	Q3 2015					13
Residential		—	—	—	74,376.6	74,173.4	—	—	—								
Basement		—	—	—	2,583.3	—	—	—	—								
Stage 3		—	—	—	—	—	—	111,504.3	—	Q1 2014	Q3 2014	Q2 2016					20
Residential		—	—	—	—	—	—	93,552.0	—								
Commercial		—	—	—	—	—	—	861.5	—								
Car park		—	—	—	—	—	—	6,201.5	—								
Car park (Civil air defense)		—	—	—	—	—	—	10,689.3	—								
Ancillary		—	—	—	—	—	—	200.0	—								
SHENZHEN																	
Royal International 君御國際	33,035.3	—	—	—	—	—	—	177,640.0	177,640.0	Q2 2014	Q4 2014	Q4 2016	980.0	551.8	51.0	499.8	21
Residential		—	—	—	—	—	—	114,090.0	114,090.0								
Commercial		—	—	—	—	—	—	14,000.0	14,000.0								
Car park		—	—	—	—	—	—	40,950.0	40,950.0								
Car park (Civil air defense)		—	—	—	—	—	—	4,550.0	4,550.0								
Ancillary		—	—	—	—	—	—	4,050.0	4,050.0								
TOTAL				248,148.1	1,133,373.9			2,577,961.6									

Notes:

1. Information for "Site area" is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).
2. "GFA completed" of completed projects is based on surveying reports. "GFA under development" of projects under development is based on construction works commencement permits and/or construction works planning permits. "Planned GFA" of projects for future development is based on the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. We have entered into land grant contracts but not yet obtained land use rights certificates in respect of these parcels of land.
4. "Actual/estimated construction commencement date" refers to the date on which construction of the first building of the project or the relevant phase of a multi-phase project commenced or is estimated to commence.
5. "Actual/estimated pre-sale commencement date" refers to the date our Group obtained or estimate to obtain a pre-sale permit for that project or the relevant phase of a multi-phase project.
6. "Actual/estimated construction completion date" of (a) completed projects refers to the date of the proof of examination and acceptance of completion for each project or each phase of a multi-phase project and that of (b) projects under development is based on the current estimation of our Group with reference to construction working plans.
7. "Development costs incurred" refer to direct costs for the relevant project including land costs, construction costs and capitalised interest costs incurred by our Group as at 31 December 2013. Development costs for completed projects refer to costs relating to the remaining unsold portion. Development costs for projects under development or held for future development refer to costs relating to the entire project.
8. "Future development costs to be incurred" refer to the budgeted costs estimated to be incurred by our Group based on the development costs incurred as at 31 December 2013.
9. As Crowne Plaza Nanchang Riverside Hotel is held by Redco Industry (Jiangxi), a joint venture of our Company, the development costs incurred for this project is not consolidated in the financial statements of our Group.

DESCRIPTION OF OUR PROPERTY DEVELOPMENT PROJECTS

The Greater Western Taiwan Straits Economic Zone

1. ***Nanchang***

Crown International (皇冠國際)

Crown International is a residential and commercial complex property project in our "City Complex" series. The project is located in the Xihu District (西湖區) of Nanchang.

In June 2006, we entered into a land grant contract relating to the project at a consideration of RMB112.7 million. As at the Latest Practicable Date, the land premium had been fully paid for the project.

The project occupies an aggregate site area of 53,673.2 sq.m. and consists of high-rise apartments, commercial units, office units and car parks. All of the residential and commercial units are primarily intended for sale.

Based on our internal records, details of the project as at 31 December 2013 were as follows:

Construction period	
— Commencement	Second quarter of 2007
— Completion	Fourth quarter of 2011
Total saleable GFA completed *(sq.m.)*	205,740.8
Total saleable GFA completed sold *(sq.m.)*	189,134.4
% of total saleable GFA sold	91.9%
Attributable interest to our Group	50%

Based on our internal records, as at 31 December 2013, our development costs incurred for the project was as follows:

Development costs incurred	RMB977.0 million

Crowne Plaza Nanchang Riverside Hotel (南昌力高皇冠假日酒店)

Crowne Plaza Nanchang Riverside Hotel (the "**Hotel**") is an international five-star hotel managed by Holiday Inns (China) Limited (the "**Manager**") located adjacent to Crown International in Nanchang.

The Hotel building occupies an aggregate site area of 4,636.7 sq.m. and consists of Hotel premise which is managed by the Manager and office units which are rented to various tenants. The Hotel is owned by Redco Industry (Jiangxi). We have 50% shareholding interest in Redco Industry (Jiangxi), a joint venture.

Based on our internal records, details of the Hotel as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2008
— Completion	Third quarter of 2011
Total GFA completed *(sq.m.)*	57,986.8
— Hotel *(sq.m.)*	43,855.7
— Office *(sq.m.)*	14,131.1
Attributable interest to our Group	50%

Redco Industry (Jiangxi) entered into a management contract with the Manager for the management of the Hotel for a term of ten years commencing on 25 July 2011 (the "**Initial Term**"). According to the management contract, unless the parties agree in writing to extend the management contract for a term of ten years no less than six months prior to the expiry of the Initial Term, the management contract shall be terminated by the expiry of the Initial Term. In accordance with the terms of the management contract, Redco Industry (Jiangxi) pays to the Manager on a monthly basis (i) basic management fees, which represent a fixed percentage of the monthly revenue; and (ii) incentive management fees, which represent a variable percentage of the monthly operating profit of the Hotel, which percentage is determined with reference to the monthly profit margin of the Hotel. Redco Industry (Jiangxi) is also responsible for maintaining certain insurances in respect of the assets and business of the Hotel.

The Hotel commenced operations in July 2011. The aggregate management fees paid to the Manager in 2011, 2012 and the nine months ended 30 September 2013 were RMB708,940, RMB1,894,992 and RMB1,580,161, respectively. In 2011, 2012 and the nine months ended 30 September 2013, the average occupancy rate of the Hotel was 45.6%, 53.3% and 56.1%, respectively; and the average room rate were RMB462.0, RMB518.5 and RMB547.3, respectively. We believe that the presence of an international five-star hotel as part of our project and the inclusion of "力高" in the Chinese name of the hotel has enhanced not only the image of our neighbouring residential and commercial project, Crown International, but also the image of our other developments in the city of Nanchang.

Spain Standard (力高國際城)

Spain Standard is a residential and commercial complex property project in our "Ecological City" series. The project is located at Xianghu Xin Cheng (象湖新城) of Nanchang.

In April 2006, we entered into a land grant contract relating to the project at a consideration of RMB122.5 million. As at the Latest Practicable Date, the land premium had been fully paid for the project.

The project will occupy an aggregate site area of 466,665.3 sq.m. and is divided into five phases:

Phase I

Phase I of the project consists of low-rise apartments, townhouses, multi-storey apartments, commercial units and car parks. All of the residential and commercial units are primarily intended for sale.

Based on our internal records, details of Phase I as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2008
— Completion	Third quarter of 2010
Total saleable GFA completed *(sq.m.)*	89,619.6
Total saleable GFA completed sold *(sq.m.)*	73,511.3
% of total saleable GFA sold	82.0%
Attributable interest to our Group	100%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase I was as follows:

Development costs incurred	RMB220.3 million

Phase II

Phase II of the project consists of low-rise apartments, townhouses, multi-storey apartments, commercial units and car parks. All of the residential and commercial units are primarily intended for sale.

Based on our internal records, details of Phase II as at 31 December 2013 were as follows:

Construction period	
— Commencement	Third quarter of 2009
— Completion	Third quarter of 2013
Total saleable GFA completed *(sq.m.)*	99,204.7
Total saleable GFA completed sold *(sq.m.)*	86,300.1
% of total GFA sold	87.0%
Attributable interest to our Group	100%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase II was as follows:

Development costs incurred	RMB225.6 million

Phase III

Phase III of the project consists of high-rise apartments, townhouses, multi-storey apartments and car parks. All of the residential and commercial units are primarily intended for sale.

Based on our internal records, details of Phase III as at 31 December 2013 were as follows:

Construction period	
— Commencement	Second quarter of 2010
— Completion	Fourth quarter of 2011
Total saleable GFA completed *(sq.m.)*	159,872.9
Total saleable GFA completed sold *(sq.m.)*	149,587.0
% of total GFA sold	93.6%
Attributable interest to our Group	100%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase III was as follows:

Development costs incurred	RMB369.3 million

Phase IV

Phase IV of the project is expected to consist of high-rise apartments, commercial units and car parks. All of the residential units are intended for sale.

Based on our internal records, details of Phase IV as at 31 December 2013 were as follows:

Construction period	
— Commencement	Third quarter of 2011
— Completion	Fourth quarter of 2013
Total saleable GFA completed *(sq.m.)*	248,686.8
Total saleable GFA completed sold *(sq.m.)*	213,508.7
% of total saleable GFA sold and pre-sold	85.9%
Attributable interest to our Group	100%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred for Phase IV was as follows:

Development costs incurred	RMB684.7 million

Phase V

Phase V of the project is expected to consist of low-rise apartments, high-rise apartments, commercial units and car parks. All of the residential and commercial units are primarily intended for sale.

Based on our internal records, details of Phase V as at 31 December 2013 were as follows:

Construction period	
— Commencement	Third quarter of 2012
— Completion	Fourth quarter of 2014
Total saleable GFA under development *(sq.m.)*	298,241.0
Total saleable GFA under development pre-sold *(sq.m.)*	141,891.4
% of total saleable GFA pre-sold	47.6%
Attributable interest to our Group	100%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase V were as follows:

Development costs incurred	RMB625.8 million
Future development costs to be incurred	RMB181.3 million

Riverside International (濱江國際)

Riverside International is a residential and commercial complex property project in our "City Complex" series. The project is located in Xihu District of Nanchang.

In December 2009, we entered into a land grant contract relating to the project at a consideration of RMB370.8 million. As at the Latest Practicable Date, the land premium had been fully paid.

The project will occupy an aggregate site area of 37,345.7 sq.m. and is expected to consist of high-rise apartments, office units, commercial units and car parks. All the residential and commercial units of the project are primarily intended for sale.

Based on our internal records, details of the project as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2011
— Completion	Fourth quarter of 2014
Total saleable GFA completed *(sq.m.)*	114,863.5
Total saleable GFA under development *(sq.m.)*	76,357.2
Total saleable GFA completed sold *(sq.m.)*	80,846.1
Total saleable GFA under development pre-sold *(sq.m.)*	56,483.6
% of total saleable GFA sold and pre-sold	71.8%
Attributable interest to our Group	100%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB955.1 million
Future development costs to be incurred	RMB97.5 million

Bluelake County (瀾湖郡)

Bluelake County is intended to be a residential and commercial complex property project in our "Ecological City" series. The project is located at Xianghu Xin Cheng of Nanchang.

In December 2010, Jiangxi Chongde entered into land grant contracts relating to the project at an aggregate consideration of RMB81.2 million. As at 31 December 2013, the land premium had been fully paid for the project. In January 2013, we acquired the project by acquiring Jiangxi Chongde through the acquisition of 100% equity interest in Maxprofit Globe. At that time, Maxprofit Globe held 100% equity interest in Bloom Trend, which in turn held 100% equity interest in Jiangxi Chongde. Please refer to the section headed "History, Reorgansation and Group Structure — Corporate Developement — Jiangxi Chongde" in this prospectus for details of the acquisition.

The project will occupy an aggregate site area of 135,285.0 sq.m. and is expected to consist of low-rise apartments, high-rise apartments, office units, commercial units and car parks. The project will be developed in two zones.

East Zone

Based on our current project plans, details of East Zone as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Second quarter of 2014
— Estimated date of completion	Third quarter of 2016
Total planned GFA *(sq.m.)*	208,527.8
Attributable interest to our Group	100%

West Zone

Based on our current project plans, details of West Zone as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Third quarter of 2014
— Estimated date of completion	Third quarter of 2016
Total planned GFA *(sq.m.)*	78,266.9
Attributable interest to our Group	100%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for East Zone and West Zone of the project were as follows:

Development costs incurred	RMB264.4 million
Future development costs to be incurred	RMB722.6 million

Riverlake International (濱湖國際)

Riverlake International is intended to be a residential and commercial complex property project in our "Central City" series. The project is located at Gaoxin District of Nanchang.

In October 2013, we entered into land grant contracts relating to the project at a consideration of RMB844.1 million, which is payable in two instalments in November 2013 and April 2014. As at the Latest Practicable Date, we have settled the first instalment in the amount of RMB422.0 million.

The project will occupy an aggregate site area of 68,373.0 sq.m. and is expected to consist of multi-storey apartments, high-rise apartments, commercial units and car parks.

Based on our current project plans, details of the project as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	First quarter of 2014
— Estimated date of completion	Second quarter of 2017
Total planned GFA *(sq.m.)*	205,846.3
Attributable interest to our Group	51.0%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB423.3 million
Future development costs to be incurred	RMB1,008.8 million

The Bohai Economic Rim

1. ***Tianjin***

Sunshine Coast (陽光海岸)

Sunshine Coast is a residential and commercial complex in our "Ecological City" series. The project is located in the Binhai Tourism District of Tianjin. The project provides modern sea-view townhouses, high-rise apartments, commercial units, car parks, an infinity pool connected to a private man-made beach and ancillary clubhouse facilities.

Pursuant to a cooperation agreement with the Tianjin municipal government, Tianjin Redco was established for the purposes of acquiring sea area use rights in respect of sea areas in Tianjin Binhai Tourism Area, performing sea reclamation operations and obtaining land use rights for such parcels of land by way of public tender, listing-for-sale or auction. Under the cooperation agreement, we agreed to use such reclaimed land for the construction of residential, commercial units, a Mazu statute and a Mazu worshipping temple.

We entered into a land grant contract and supplemental contracts in relation to the project and Land Lot Nos. A1 and A2 at the aggregate consideration of RMB570.2 million. The consideration is subject to adjustment as the area reclaimed upon completion of sea reclamation works was larger than the original contracted area. As at the Latest Practicable Date, we had settled RMB503.3 million of the land premium. Please refer to the section headed "— Our property development process — Land acquisition" in this prospectus for further details regarding the acquisition of parcels of land for the project.

The project will occupy an aggregate site area of 481,394.0 sq.m. and is divided into four phases:

Phase I

Phase I of the project is expected to consist of high-rise apartments, townhouse, commercial units and car parks. All the residential units and commercial units are intended for sale.

Based on our internal records, details of Phase I as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2012
— Estimated date of completion	Fourth quarter of 2014
Total saleable GFA under development *(sq.m.)*	181,531.4
Attributable interest to our Group	99%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase I were as follows:

Development costs incurred	RMB548.3 million
Future development costs to be incurred	RMB419.9 million

Phase II

Based on our current project plans, details of Phase II as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Second quarter of 2017
— Estimated date of completion	Fourth quarter of 2019
Total planned GFA *(sq.m.)*	311,925.1
Attributable interest to our Group	99%

Based on our current project plans, as at 31 December 2013, our development costs incurred for Phase II were as follows:

Development costs incurred	RMB75.3 million

Phase III

Based on our current project plans, details of Phase III as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Second quarter of 2020
— Estimated date of completion	Fourth quarter of 2024
Total planned GFA *(sq.m.)*	425,898.8
Attributable interest to our Group	99%

Based on our current project plans, as at 31 December 2013, our development costs incurred for Phase III were as follows:

Development costs incurred	RMB102.8 million

Phase IV

Based on our current project plans, details of Phase IV as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Third quarter of 2024
— Estimated date of completion	Fourth quarter of 2028
Total planned GFA *(sq.m.)*	552,452.9
Attributable interest to our Group	99%

Based on our current project plans, as at 31 December 2013, our development costs incurred for Phase IV was as follows:

Development costs incurred	RMB133.4 million

Based on our current project plans, as at 31 December 2013, our future development costs to be incurred for Phases II, III and IV of the project was as follows:

Future development costs to be incurred	RMB5,341.3 million

Land Lot Nos. A1 and A2

As part of a cooperation agreement with the Tianjin municipal government, we agreed to build a Mazu statue and a Mazu worshipping temple in the Tianjin Binhai Tourism Area adjacent to our property development project situated at Land Lot Nos. A1 and A2.

Under the cooperation agreement, Tianjin Redco agreed to transfer the Mazu worshipping temple at nil consideration to the Tianjin municipal government upon the completion of construction works. Following such transfer, we expect to enter into further agreements with the Tianjin municipal government in relation to the joint management of and profit-sharing in respect of the Mazu statue, the temple and commercial units. As at the Latest Practicable Date, we had not entered into any definitive agreements with the Tianjin municipal government in relation to the joint management of and the profit-sharing arrangements in respect of the Mazu statute, the temple and commercial units.

The project will occupy a site area of 69,336.2 sq.m. and is expected to consist of residential units and commercial units.

Based on our current plans, details of the project as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Second quarter of 2015
— Estimated date of completion	Second quarter of 2018
Total planned GFA *(sq.m.)*	55,469.0
Attributable interest to our Group	99%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB27.0 million
Future development costs to be incurred	RMB243.0 million

2. ***Jinan***

Redco International (力高國際)

Redco International is a residential and commercial complex property project in our "City Complex" series. The project is located in Lixia District of Jinan.

In September 2010, we entered into land grant contracts relating to the project at an aggregate consideration of RMB203.7 million. As at the Latest Practicable Date, the land premium had been fully paid for the project. Please also refer to the section headed "— Resettlement Operations — Completed operations — Jiefangge, Shunjing Road District Resettlement Project" in this prospectus for details on the background of acquiring this project.

The project will occupy an aggregate site area of 54,162.0 sq.m. with an aggregate GFA of 226,076.9 sq.m. and is expected to consist of high-rise apartments, commercial units, office units and car parks. All the residential units, commercial units and office units are intended for sale.

Based on our internal records, details of the project as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2012
— Completion	Third quarter of 2014
Total saleable GFA under development *(sq.m.)*	214,966.2
Total saleable GFA under development pre-sold *(sq.m.)*	106,310.8
% of total saleable GFA pre-sold	49.5%
Attributable interest to our Group	100%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB888.6 million
Future development costs to be incurred	RMB238.7 million

Splendid the Legend (盛世名門)

Splendid the Legend is a residential and commercial complex property project in our "Central City" series. The project is located in Tianqiao District (天橋區) of Jinan.

In August 2004, we entered into a land grant contract relating to the project at a consideration of RMB28.7 million. As at the Latest Practicable Date, the land premium had been fully paid for the project. Please also refer to the section headed "— Resettlement Operations — Completed operations — Jinan Tianqiao District Resettlement Project" in this prospectus for details on the background of acquiring land for this project.

The project occupies an aggregate site area of 51,675.2 sq.m. and consists of high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as at 31 December 2013 were as follows:

Construction period	
— Commencement	Second quarter of 2010
— Completion	Second quarter of 2013
Total saleable GFA completed *(sq.m.)*	148,642.4
Total saleable GFA completed sold *(sq.m.)*	134,329.5
% of total saleable GFA sold	90.4%
Attributable interest to our Group	100%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project was as follows:

Development costs incurred	RMB847.3 million
Future development costs to be incurred	RMB12.0 million

Scenery Holiday (假日麗景)

Scenery Holiday is a residential and commercial complex property project in our "Central City" series. The project is located in Lixia District of Jinan.

In August 2004, we entered into a land grant contract relating to the project at a consideration of RMB20.1 million. As at the Latest Practicable Date, the land premium had been fully paid for the project.

The project occupies an aggregate site area of 34,934.9 sq.m. The project consists of low-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as at 31 December 2013 were as follows:

Construction period	
— Commencement	Fourth quarter of 2008
— Completion	First quarter of 2012
Total saleable GFA completed *(sq.m.)*	85,995.5
Total saleable GFA completed sold *(sq.m.)*	83,837.6
% of total saleable GFA sold	97.5%
Attributable interest to our Group	100%

Based on our internal records, as at 31 December 2013, our development costs incurred for the project was as follows:

Development costs incurred	RMB355.2 million

2. ***Yantai***

Sunshine Coast (陽光海岸) — Phase I

Sunshine Coast is a residential property project in our "City Complex" series. The project is located in Gaoxin District (高新區) of Yantai.

In September 2013, we entered into a land grant contract relating to the project at a consideration of RMB205.8 million. As at the Latest Practicable Date, the land premium had been fully paid for the project. Please also refer to the section headed "— Resettlement Operations — Current operations — Yantai Beizhai Village Resettlement Project" in this prospectus for details on the background of acquiring land for this project.

The project will occupy an aggregate site area of 51,693.7 sq.m. and is expected to consist of high-rise apartments, commercial units and car parks.

Based on our estimates of current project plans, details of the project as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	First quarter of 2014
— Estimated date of completion	Second quarter of 2016
Total planned GFA *(sq.m.)*	186,470.8
Attributable interest to our Group	100%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB233.8 million
Future development costs to be incurred	RMB620.7 million

We intend to acquire neighbouring land to develop further phases of the project. Please refer to the section headed "— Projects with framework agreements or letters of intent signed" in and the section headed "Group IV — Properties intended to be acquired by the Group in the PRC" of the property valuation report set out in Appendix IV to this prospectus for further details.

Central and Western Regions

1. ***Hefei***

Mix Kingdom Redco (力高●共和城)

Mix Kingdom Redco is a residential and commercial complex property project in our "Ecological City" series. The project is located in Changfeng County of Hefei.

In December 2010, we acquired the project by acquiring its holding company, Changfeng Lianhua. Please refer to the section headed "History, Reorganisation and Group Structure — Corporate Development — Changfeng Lianhua" in this prospectus for details of the acquisition.

The project occupies a total site area of 395,596.4 sq.m. and is divided into eight phases:

Phase West I

Phase West I of the project consists of low-rise apartments, multi-storey apartments, clubhouse and car parks. All of the residential units are intended for sale.

Based on our internal records, details of Phase West I as at 31 December 2013 were as follows:

Construction period	
— Commencement	Fourth quarter of 2007
— Completion	Second quarter of 2010 (Save for a portion of Phase West I with a planned GFA of 17,294.6 sq.m. which is held for future development and construction works are expected to be completed in the second quarter of 2014)
Total saleable GFA completed *(sq.m.)*	98,462.8
Total saleable GFA completed sold *(sq.m.)*	80,803.4
% of total saleable GFA sold	82.1%
Attributable interest to our Group	80.0%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase West I were as follows:

Development costs incurred	RMB216.0 million
Future development costs to be incurred	RMB58.8 million

Phase West II

Phase West II of the project consists of high-rise apartments and commercial units. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase West II as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2009
— Completion	Third quarter of 2011
Total saleable GFA completed *(sq.m.)*	45,703.6
Total saleable GFA completed sold *(sq.m.)*	42,524.4
% of total saleable GFA sold	93.0%
Attributable interest to our Group	80.0%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase West II were as follows:

Development costs incurred	RMB156.5 million

Phase West III

Phase West III of the project consists of high-rise apartments, low-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase West III as at 31 December 2013 were as follows:

Construction period	
— Commencement	Fourth quarter of 2009
— Completion	Second quarter of 2012
Total saleable GFA completed *(sq.m.)*	67,242.0
Total saleable GFA completed sold *(sq.m.)*	62,693.2
% of total saleable GFA sold	93.2%
Attributable interest to our Group	80.0%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase West III was as follows:

Development costs incurred	RMB233.8 million

Phase West IV

Phase West IV of the project consists of high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase West IV as at 31 December 2013 were as follows:

Construction period	
— Commencement	Third quarter of 2012
— Estimated date of completion	Third quarter of 2014
Total saleable GFA completed *(sq.m.)*	5,037.1
Total saleable GFA under development *(sq.m.)*	74,781.4
Total saleable GFA completed sold *(sq.m.)*	4,935.0
Total saleable GFA under development pre-sold *(sq.m.)*	67,098.2
% of total saleable GFA sold and pre-sold	90.2%
Attributable interest to our Group	80.0%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase West IV were as follows:

Development costs incurred	RMB214.9 million
Future development costs to be incurred	RMB174.5 million

Phase West V

Phase West V of the project is expected to consist of high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our estimates of current project plans, details of Phase West V as at 31 December 2013 were as follows:

Construction period	
— Commencement	Fourth quarter of 2013
— Estimated date of completion	Second quarter of 2015
Total planned GFA *(sq.m.)*	246,665.1
Total saleable GFA under development *(sq.m.)*	33,593.9
Total saleable GFA under development pre-sold *(sq.m.)*	24,643.5
% of total saleable GFA under development pre-sold	73.4%
Attributable interest to our Group	80.0%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase West V were as follows:

Development costs incurred	RMB195.2 million
Future development costs to be incurred	RMB616.0 million

Phase East I

Phase East I of the project consists of high-rise apartments, commercial units, clubhouse and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase East I as at 31 December 2013 were as follows:

Construction period	
— Commencement	Second quarter of 2010
— Completion	Fourth quarter of 2012
Total saleable GFA completed *(sq.m.)*	67,263.3
Total saleable GFA completed sold *(sq.m.)*	58,666.0
% of total saleable GFA sold	87.2%
Attributable interest to our Group	80.0%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase East I was as follows:

Development costs incurred	RMB225.7 million

Phase East II

Phase East II of the project consists of high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase East II as at 31 December 2013 were as follows:

Construction period	
— Commencement	Third quarter of 2011
— Completion	First quarter of 2013
Total saleable GFA completed *(sq.m.)*	82,681.3
Total saleable GFA completed sold *(sq.m.)*	70,369.4
% of total saleable GFA sold	85.1%
Attributable interest to our Group	80.0%

Based on our internal records, as at 31 December 2013, our development costs incurred for Phase East II was as follows:

Development costs incurred	RMB324.5 million

Phase East III

Phase East III of the project is expected to consist of high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase East III as at 31 December 2013 were as follows:

Construction period	
— Commencement	First quarter of 2013
— Estimated date of completion	Second quarter of 2015
Total saleable GFA completed *(sq.m.)*	2,191.1
Total saleable GFA completed sold *(sq.m.)*	0.0
Total saleable GFA under development *(sq.m.)*	92,054.4
Total saleable GFA under development pre-sold *(sq.m.)*	51,576.9
% of total saleable GFA sold and pre-sold	54.7%
Attributable interest to our Group	80%

Based on our internal records and current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for Phase East III were as follows:

Development costs incurred	RMB142.8 million
Future development costs to be incurred	RMB185.9 million

2. ***Xianyang***

Royal City (御景灣)

Royal City is a residential property project in our "City Complex" series. The project is located in Gaoxin District of Xianyang.

In November 2012, we entered into a land grant contract relating to the project at a consideration of RMB76.0 million. As at the Latest Practicable Date, the land premium had been fully paid for the project.

The project will occupy an aggregate site area of 69,466.8 sq.m. and will be developed by three stages:

Phase I, Stage 1

Phase I, Stage 1 of the project is expected to consist of low-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our internal records, details of Phase I, Stage 1 as at 31 December 2013 were as follows:

Construction period	
— Commencement	Second quarter of 2013
— Estimated date of completion	Fourth quarter of 2014
Total planned GFA *(sq.m.)*	111,504.3
Total saleable GFA under development *(sq.m.)*	121,784.1
Total saleable GFA under development pre-sold *(sq.m.)*	21,393.1
% of total saleable GFA under development pre-sold	17.6%
Attributable interest to our Group	70.0%

Phase I, Stage 2

Phase I, Stage 2 of the project is expected to consist of low-rise apartments, high-rise apartments and car parks. All of the residential units are intended for sale.

Based on our estimates of current project plans, details of Phase I, Stage 2 as at 31 December 2013 were as follows:

Construction period	
— Commencement	Fourth quarter of 2013
— Estimated date of completion	Third quarter of 2015
Total saleable GFA under development *(sq.m.)*	74,173.4
Total saleable GFA under development pre-sold *(sq.m.)*	0
% of total saleable GFA pre-sold	0%
Attributable interest to our Group	70.0%

Phase I, Stage 3

Phase I, Stage 3 of the project is expected to consist of low-rise apartments, high-rise apartments, commercial units and car parks. All of the residential and commercial units are intended for sale.

Based on our estimates of current project plans, details of Phase I, Stage 3 as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	First quarter of 2014
— Estimated date of completion	Second quarter of 2016
Total planned GFA *(sq.m.)*	111,504.3
Attributable interest to our Group	70%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the entire phase 1 of the project were as follows:

Development costs incurred	RMB207.4 million
Future development costs to be incurred	RMB437.6 million

We intend to acquire further neighbouring land and develop the project into nine phases. Please refer to the section headed "— Projects with framework agreements or letters of intent signed" and in the section headed "Group IV — Properties intended to be acquired by the Group in the PRC" of the property valuation report set out in Appendix IV to this prospectus for further details.

Other Regions

Shenzhen

Royal International (君御國際)

Royal International is a residential and commercial property project in our "Central City" series. The project is located in Pingshan New District (坪山新區) of Shenzhen.

In December 2013, we entered into a land grant contract relating to the project at a consideration of RMB980.0 million. As at the Latest Practicable Date, the land premium had been fully paid for the project. Under the land grant contract, it was provided that the plot ratio GFA of such land shall include resettlement housing with an aggregate GFA of 50,000 sq.m. Please refer to the section headed "Resettlement Operations — Current operations — Shenzhen Pingshan New District Project" in this prospectus for further details.

The project will occupy a site area of 33,035.28 sq.m. and is expected to consist of high-rise apartments, commercial units and car parks.

Based on our estimates of current project plans, details of the project as at 31 December 2013 were as follows:

Construction period	
— Estimated date of commencement	Second quarter of 2014
— Estimated date of completion	Fourth quarter of 2016
Total planned GFA *(sq.m.)*	177,640 sq.m.
Attributable interest to our Group	51%

Based on our current project plans, as at 31 December 2013, our development costs incurred and future development costs to be incurred for the project were as follows:

Development costs incurred	RMB980.0 million
Future development costs to be incurred	RMB551.8 million

PROJECTS WITH FRAMEWORK AGREEMENTS OR LETTERS OF INTENT SIGNED

In addition to our existing property development projects, we are actively exploring opportunities for additional property development projects in the PRC. As at the Latest Practicable Date, we entered into the following framework agreements or letters of intent for the purpose of acquiring parcels of land in Nanchang, Jurong, Tianjin, Yantai and Xianyang for potential future development as follows:

	Location	Counterparty(ies)	Planned use	Site area	Permitted GFA	Estimated date for listing-for-sale	Estimated development costs[1]	Estimated attributable interest to our Group
1.	Two parcels of land neighbouring Sunshine Coast in Tianjin	Management Committee of Tianjin Binhai Tourism District (天津濱海旅遊區管理委員會)	Residential and commercial	412.0 mu (approximately 274,688.0 sq.m.)	332,801.7 sq.m.	March-June 2014[2]	RMB2.6 billion	99%
2.	Parcels of land in Gaoxin District, Yantai, Shandong Province [3]	Management Committee of Yantai Hi-tech Industrial Development Zone (煙台高新技術產業園區管理委員會) and Villagers Committee of Beizhai Village of Mashan Sub-district Office in Yantai Hi-tech Industrial Development Zone (煙台高新技術產業園區馬山街道辦事處北寨村村民委員會)	Residential	706.1 mu (approximately 471,000.0 sq.m.	1,200,000.0 sq.m.	Before June 2014[2][4]	RMB5.2 billion[5]	100%
3.	Parcels of land in Gaoxin District, Xianyang, Shaanxi Province	Xianyang Hi-tech Industrial Development Zone (咸陽高新技術產業開發區)	Residential and commercial	1,400 mu (approximately 933,338.0 sq.m.)	2,800,000 sq.m.	March 2014-March 2017 [2][6]	RMB7.1 billion[7]	70%
4.	A parcel of land at south of Wei 10th Road, north of 11th Road and West of Meiya Road, Baohua Town, Jurong, Jiangsu Province	People's Government of Baohua Town, Jurong (句容市寶華鎮人民政府)	Residential and commercial	152,743.0 sq.m.	427,680.4 sq.m.	December 2013	RMB2.1 billion	50%

	Location	Counterparty(ies)	Planned use	Site area	Permitted GFA	Estimated date for listing-for-sale	Estimated development costs[(1)]	Estimated attributable interest to our Group
5.	Tianxiang Market in Nanchang, Jiangxi Province	Loyal Honest Int'l (Hong Kong) (中信國際集團(香港))	Residential and commercial	354.0 mu (approximately 236,001.2 sq.m.)	700,000 sq.m.	March 2014	RMB4.3 billion	51%

Notes:

1. Including capitalised borrowing cost and business taxes and surcharges.

2. The relevant parcels of land are listed-for-sale in various stages.

3. For details of arrangements between our Group and the Management Committee of Yantai Hi-tech Industrial Development Zone, please refer to the section headed "— Resettlement operations" in this prospectus.

4. In September 2013, we entered into the land grant contract in respect of the first parcel of land with a site area of 51,693.7 sq.m. and a permitted GFA of 183,727.5 sq.m. at the consideration of RMB205.8 million, which forms Phase I of Sunshine Coast in Yantai. We further obtained land use rights certificate in respect of such land in November 2013.

5. Excluding the development costs incurred or future development costs to be incurred in respect of Phase I of Sunshine Coast.

6. In November 2012, we entered into the land grant contract in respect of the first parcel of land with a site area of 69,466.8 sq.m. and a permitted GFA of 215,347.0 sq.m. at the consideration of RMB76.0 million, which forms Phase I of Royal City in Xianyang.

7. Excluding the development costs incurred or future development costs to be incurred in respect of Phase I of Royal City in Xianyang.

In respect of the framework agreements or letters of intent numbered 2 and 4 above, the counterparty has purported to guarantee the grant of land use rights in respect of the relevant parcels of land to us. In respect of the framework agreements numbered 2 above, the counterparty purported to promise a cap for the land grant price and a partial refund of land grant premium in respect of the relevant parcel(s) of land. In respect of the framework agreement numbered 3 above, the counterparty purported to promise a cap for the land grant price in respect of the relevant parcel(s) of land.

We are advised by our PRC Legal Adviser that the key provisions purporting to guarantee the grant of land use rights to us, to promise a cap for the land grant price or a partial refund of land grant premium in respect of the relevant parcel(s) of land are invalid and not legally binding on the parties under the applicable PRC laws and regulations. Save for these provisions, we are advised by our PRC Legal Adviser that the other provisions of above framework agreements or letters of intent do not violate the compulsory provisions of applicable PRC laws and administrative regulations.

Notwithstanding the agreements or letters of intent we entered into, we are required to go through the public tender, auction or listing-for-sale procedures (as the case may be) under the relevant PRC rules and/or obtain relevant government approvals before we can obtain the land use rights with respect to the land parcels under such agreements or letters of intent. As such, there is no assurance that we will be successful in securing the land grant contracts and obtaining the relevant land use rights certificates or the relevant approvals. Please refer to the section headed "Risk Factors — Risks relating to our business — We may not be able to obtain land use rights of parcels of land with respect to which framework agreements or letters of intent have been entered into, and as a result, there may be a material adverse effect on our business, results of operation and financial condition" in this prospectus for further details.

FUTURE/ESTIMATED DEVELOPMENT COSTS TO BE INCURRED

As at 31 December 2013, based on our current project plans, our future development costs (excluding capitalised borrowing costs and business taxes and surcharges) to be incurred for our current projects and projects with framework agreements or letters of intent signed were as follows:

		Breakdown of future development costs to be incurred		
Projects	**City**	**Land acquisition costs**	**Other development costs**	**Total future development costs to be incurred**
			(RMB in millions)	
Current projects				
1. Spain Standard	Nanchang	—	181.3	181.3
2. Riverside International	Nanchang	—	97.4	97.4
3. Bluelake County(1)	Nanchang	60.0	662.6	722.6
4. Riverlake International	Nanchang	214.8	794.0	1,008.8
5. Sunshine Coast and Land Lot Nos. A1 and A2	Tianjin	3.5	6,742.5	6,746.0
6. Redco International	Jinan	—	238.7	238.7
7. Sunshine Coast - Phase I	Yantai	—	620.7	620.7
8. Mix Kingdom Redco	Hefei	—	1,035.2	1,035.2
9. Royal City - Phase I	Xianyang	—	437.6	437.6
10. Royal International	Shenzhen	—	551.8	551.8
TOTAL		**278.3**	**11,361.8**	**11,640.1**

Projects	City	Breakdown of estimated development costs to be incurred: Land acquisition costs	Breakdown of estimated development costs to be incurred: Other development costs	Total estimated development costs to be incurred
		(RMB in millions)		
Projects with framework agreements or letters of intent signed				
1. Two parcels of land neighbouring Sunshine Coast	Tianjin	680.0	1,756.4	2,436.4
2. Parcels of land in Gaoxin District	Yantai	1,400.0	3,338.0	4,738.0
3. Parcels of land in Gaoxin District	Xianyang	1,359.6	5,040.4	6,400.0
4. A parcel of land at south of Wei 10th Road, north of 11th Road and West of Meiya Road, Baohua Town	Jurong	213.8	1,496.9	1,710.7
5. Tianxiang Market	Nanchang	1,071.0	3,277.2	4,348.2
TOTAL		**4,724.4**	**14,908.9**	**19,633.3**

Note:

1. The land acquisition cost of RMB60 million has been provided for during the Track Record Period and therefore has been recorded as future development costs incurred as at 30 September 2013.

Expected payment schedule for future/estimated land acquisitions costs to be incurred

As at 31 December 2013, based on our current project plans, the expected payment schedule for future/estimated land acquisition costs to be incurred for our current projects and projects with framework agreements or letters of intent signed were as follows:

Projects	City	Future/estimated land acquisition costs to be incurred for the year ending 31 December: 2014	2015	After 2015
		(RMB in millions)		
Current Projects				
1. Bluelake County	Nanchang	214.8	—	—
2. Riverlake International	Nanchang	60.0	—	—
3. Sunshine Coast and Land Lot Nos. A1 and A2	Tianjin	3.5	—	—
4. Sunshine Coast - Phase I	Yantai	—	—	—
5. Royal International	Shenzhen	—	—	—

Projects	City	Future/estimated land acquisition costs to be incurred for the year ending 31 December 2014	2015	After 2015
		(RMB in millions)		
Projects with framework agreements or letters of intent signed				
1. Two parcels of land neighbouring Sunshine Coast	Tianjin	340.0	340.0	—
2. Parcels of land in Gaoxin District	Yantai	800.0	600.0	—
3. Parcels of land in Gaoxin District	Xianyang	77.0	—	1,282.6
4. A parcel of land at south of Wei 10th Road, north of 11th Road and West of Meiya Road, Baohua Town	Jurong	213.8	—	—
5. Tianxiang Market	Nanchang	408.0	663.0	—
TOTAL		**2,117.1**	**1,603.0**	**1,282.6**

The future/estimated land acquisition costs to be incurred shown in the table above represent full amount for the entire project. Our Company owns 100% for all the projects shown above except Riverlake International, in which our Company owns a 51% interest. Therefore, the land acquisition costs to be borne by our Company for Riverlake International will be RMB214.8 million for each of the year ending 31 December 2013 and 31 December 2014. We expect to finance (i) the land premium to be paid in respect of the land use rights of Riverlake International in Nanchang and (ii) portion of the land premium to be paid in respect of the land use rights of parcels of land in Gaoxin District in Yantai by net proceeds received from the Global Offering. The land premium to be paid in respect of our other current projects or projects with framework agreements or letters of intent signed is expected to be financed by capital injection from other members of our Group, which comprise our current cash on hand and future pre-sales proceeds of our property development projects.

Payment schedule for other future/estimated development costs to be incurred

As at 31 December 2013, based on our current project plans, the payment schedule for other future/estimated development costs to be incurred for our current projects and projects with framework agreements or letters of intent signed were as follows:

Projects	City	Other future/estimated development costs to be incurred for the year ending 31 December 2014	2015	After 2015
		(RMB in millions)		
Current Projects				
1. Spain Standard	Nanchang	76.8	93.7	10.8
2. Riverside International	Nanchang	70.5	—	26.9
3. Bluelake County	Nanchang	317.2	345.1	0.3
4. Riverlake International	Nanchang	23.0	92.0	679.0
5. Sunshine Coast and Land Lot Nos. A1 and A2	Tianjin	517.2	707.1	5,518.2
6. Redco International	Jinan	214.7	—	24.0
7. Sunshine Coast - Phase I	Yantai	234.9	131.0	254.8
8. Mix Kingdom Redco	Hefei	419.0	347.0	269.2
9. Royal City - Phase I	Xianyang	78.2	277.4	82.0
10. Royal International	Shenzhen	119.8	122.0	310.0
Projects with framework agreements or letters of intent signed				
1. Two parcels of land neighbouring Sunshine Coast	Tianjin	239.2	239.2	1,278.0
2. Parcels of land in Gaoxin District	Yantai	494.4	494.4	2,349.2
3. Parcels of land in Gaoxin District	Xianyang	28.5	42.5	4,969.4
4. A parcel of land at south of Wei 10th Road, north of 11th Road and West of Meiya Road, Baohua Town	Jurong	64.2	256.6	1,176.1
5. Tianxiang Market	Nanchang	154.7	154.7	2,967.8
TOTAL		**3,052.3**	**3,302.7**	**19,915.7**

We expect to finance our other future/estimated developments costs to be incurred for Spain Standard in Nanchang, Redco International in Jinan and Mix Kingdom Redco in Hefei with (i) existing project financing available to our Group which we have obtained before 31 December 2013 and (ii) proceeds from pre-sales of such properties. Based on our internal records, as at the Latest Practicable Date, we had obtained all pre-sale permits in respect of GFA expected to be pre-sold up to the first quarter of 2014. We expect to obtain pre-sale permits for the remaining GFA within one to two weeks before the commencement of pre-sales activities.

RESETTLEMENT OPERATIONS

We engage in property development projects whereby either we or the original land use rights owner are responsible for resettlement operations including compensation and resettlement of affected local residents, demolition of existing structures and clearing of land of the relevant areas. During the Track Record Period, we had not encountered any material difficulties with respect to our resettlement operations. Please refer to the section headed "Risk Factors — Risks relating to our business — we engage in resettlement operations that involve the resettlement of existing residents and the resettlement process may be delayed or not be completed as planned, and as a result our land acquisition and development process may be materially and adversely affected" in this prospectus. Details of resettlement projects we participated or agreed to participate in during the Track Record Period and up to the Latest Practicable Date are summarised below:

Current operations

Yantai Beizhai Village Resettlement Project

With a view to acquiring land in Beizhai Village in Yantai, Shandong Province, in March 2013, Yantai Redco Development entered into cooperation agreements with the villagers committee of Beizhai Village (the "**Beizhai Villagers Committee**") in respect of parcels of land with an aggregate site area of 706.1 mu (or 471,000.0 sq.m.) and an aggregate GFA of 1,083,600.0 sq.m. (the "**Beizhai Village Land**"). It was agreed that if Yantai Redco Development successfully acquires the Beizhai Village Land in the subsequent public tender, listing-for-sale or auction, it shall provide the Beizhai Villagers Committee with units with an aggregate GFA of 355,900.0 sq.m. to be constructed on such land, 95,500 sq.m. of which is for resettlement housing and the remaining 260,400 sq.m. is for commercial and residential use. The Beizhai Villagers Committee shall be responsible for site clearing operations including the demolition of existing structures, entering into resettlement agreements with the affected villagers and the distribution of such resettlement housing to the affected villagers in accordance with the relevant guidelines of the local government. Accordingly, we are not required to enter into and have not entered into any resettlement agreements with the affected local residents. In December 2013, Yantai Redco Development further entered into a supplemental agreement with the Beizhai Villagers Committee, pursuant to which it was agreed that in the event that Yantai Redco Development is unable to obtain all of the Beizhai Village Land, the resettlement housing to be constructed and delivered to the Beizhai Villagers Committee should be adjusted in proportion to the land acquired by Yantai Redco Development.

In March 2013, Yantai Redco Development entered into an agreement with the Management Committee of Yantai Hi-tech Industrial Development Zone (the "**Management Committee**"), the relevant governmental authority responsible for the administration of Beizhai Village, which provided that a portion of the Beizhai Village Land with a site area of 606 mu would be listed for sale in various stages and at the land grant price of no more than RMB2.1 million per mu. The agreement further provided that the land grant premium paid by Yantai Redco Development upon each listing-for-sale of the relevant parcels of land will be partially refunded. The first parcel of land, which meets listing-for-sale requirements, with a site area of 77 mu would be listed for sale shortly after the signing of such agreement. In September 2013, we successfully acquired the parcel of land through listing-for-sale and entered into the land grant contract in respect of a parcel of land with a site area of 51,693.7 sq.m. (approximately 77 mu) and a planned GFA of 183,727.5 sq.m. at the land grant premium of RMB205.8 million, which has been settled in full. This parcel of land forms Phase I of our Sunshine Coast project in Yantai. We expect to construct resettlement housing with an aggregate GFA of 95,500 sq.m. for the affected villagers of Beizhai Village on such land in accordance with the said agreements. As at the Latest Practicable Date, we had not commenced construction works. Construction works are expected to commence in the first quarter of 2014 and be completed in the third quarter of 2016.

In September 2013, Yantai Redco Development entered into an agreement with the Management Committee, whereby it was agreed that the Management Committee will conduct site clearing operations in respect of a portion of the Beizhai Village Land with a site area of 606 mu in order to prepare the relevant land for subsequent listing-for-sale. Yantai Redco Development agreed to provide a sum of RMB110.0 million (the "**Site Clearing Fees**") to the Management Committee to finance its site clearing operations. The Site Clearing Fees shall be returned to Yantai Redco Development without interest upon the full settlement of the land grant premium to be paid by the successful bidder at the subsequent listing-for-sale. The Management Committee further guaranteed that Yantai Redco Development would be granted land use rights in respect of the Beizhai Village Land. We intend to participate in the listing-for-sale process in respect of such remaining portion of the Beizhai Village Land, which, if successful, will be used as future phases of Sunshine Coast in Yantai.

As at the Latest Practicable Date, we paid an amount of RMB40.0 million as part of the Site Clearing Fees, which has been accounted for as other receivables. As all the Site Clearing Fees will be refunded to us and we are not subject to other payments under the said arragements, we do not expect to incur any investment costs in connection with the resettlement operations on the Beizhai Village Land.

As advised by our PRC Legal Adviser, save that the key provisions purporting to (i) guarantee the grant of land use rights to Yantai Redco Development, (ii) promise a cap for the land grant price or (iii) promise a partial refund of land grant premium in respect of the Beizhai Village Land are invalid and not legally binding on the parties under the applicable PRC laws and regulations, other provisions of the above agreements do not violate the compulsory provisions of applicable PRC laws and administrative regulations. Under the various agreements entered into with the Beizhai Villagers Committee and the Management Committee, the major obligations of Yantai Redco Development include: (i) payment of the Site Clearing Fees or deposits in accordance with the terms of the relevant agreements, (ii) participation in the subsequent public tender, listing-for-sale or auction, and (iii) upon successfully obtaining land use rights in respect of the Beizhai Village Land, construction and delivery of resettlement housing and other housing in accordance with the relevant agreements. As at the Latest Practicable Date, Yantai Redco Development had paid a portion of the Site Clearing Fees, and we are further advised by our PRC Legal Adviser that such performance does not violate the compulsory provisions of applicable PRC laws and administrative regulations.

Shenzhen Pingshan New District Project

In December 2013, Jiangxi Zhengli entered into a land grant contract with the Urban Planning Land and Resources Commission of Shenzhen Municipality Pingshan Management Bureau (深圳市規劃和國土資源委員會坪山管理局) relating to a parcel of land with a site area of 33,035.28 sq.m. and a plot ratio GFA of not exceeding 132,140.0 sq.m. at the land grant premium of RMB980.0 million, which has been fully settled. Under the land grant contract, it was provided that the plot ratio GFA on such land shall include resettlement housing with an aggregate GFA of 50,000 sq.m., which shall be repurchased by the relevant local governmental authority upon completion pursuant to a resettlement housing repurchase agreement. We are currently under negotiations with the relevant local governmental authority to finalise the terms of such agreement and we expect that such repurchase agreement will be signed in February or March 2014. We are not required to enter into any resettlement agreements with the affected residents.

This parcel of land forms our Royal International project in Shenzhen. As at the Latest Practicable Date, we had not commenced construction works and thus had not incurred any costs for the land resettlement operations. We expect to commence construction works in the second quarter of 2014 and be completed in the fourth quarter of 2016. Based on our current project plans, as at 31 December 2013, our future costs to be incurred for the construction of resettlement housing was RMB110 million. Based on our current negotiations with the relevant local governmental authority, we expect to receive a potential gain of RMB74.5 million from the sale of the resettlement housing to the Pingshan Management Committee, being the difference between the expected repurchase price and the estimated development costs to be incurred in respect of the resettlement housing less the expected business tax and LAT to be levied.

According to our PRC Legal Adviser, the above land grant contract between Jiangxi Zhengli and the Urban Planning Land and Resources Commission of Shenzhen Municipality Pingshan Management Bureau (深圳市規劃和國土資源委員會坪山管理局) is effective and legally binding to the signing parties.

Completed operations

Jiefangge, Shunjing Road District Resettlement Project

In order to facilitate resettlement operations in an area in the Jiefangge Shunjing Road District in Jinan, Shandong Province, which was then used by the Service Centre of the Standing Committee of Shandong Province People's Congress (the "**Service Centre**") as living quarters for its employees (the "**Service Centre Employees**"), the Jinan Lixia government approved a portion of Land Lot No. 2010-G090 ("**Land G090**") as the site for the resettlement of the Service Centre Employees. In 2010, various agreements were entered into among Shandong Redco, the Service Centre and the Jinan Lixia government, pursuant to which the Service Centre was responsible for providing a list of persons entitled to compensation and agreeing the amount of compensation with such persons; and Shandong Redco was required to enter into resettlement agreements with those persons in accordance with the list. Pursuant to the agreements, Shandong Redco entered into a total of 91 resettlement agreements with the Service Centre Employees and fully settled the total resettlement compensation of RMB75.0 million in accordance with the agreements. In August 2013, the Service Centre confirmed that Shandong Redco has no further obligations under these agreements.

In September 2010, Shandong Redco entered into a land grant contract in respect of Land G090 at the land grant premium of RMB114.1 million, which has been fully settled. This parcel of land forms part of our Redco International project in Jinan.

Accordingly, our total costs incurred in connection with the above operations were RMB75.0 million and has been accounted for as land acquisition costs of Redco International in Jinan.

Jinan Tianqiao District Resettlement Project

In August 2004, Shandong Hengjia entered into a land grant contract for parcels of land in Jinan Tiaoqiao District. Shandong Hengjia participated in negotiations with local residents in respect of the resettlement of local residents on such land and offered the affected local residents the choice of cash compensation or relocation into resettlement housing to be constructed on the relevant land. Such resettlement compensation arrangements were made in accordance with guidelines of the Jinan local government and details of all the arrangements were filed with the local government. Shandong Hengjia entered into a total of 937 resettlement agreements with the individual affected local residents and corporate land use rights owners. Under the resettlement agreements, besides the provision of resettlement housing or cash compensation, Shandong Redco are responsible for all the demolition fees, relocation fees, decoration fees and temporary housing fees incurred in connection with the resettlement arrangements. Shandong Hengjia engaged and supervised third-party operators for conducting site clearing operations on the land. In July 2009, Shandong Hengjia obtained the Demolition Works Completion Certificate (拆遷工程拆遷合格證明) from the local governmental authority, which approved the completion of the demolition works. In September 2009, we obtained land use rights certificates for parcels of land with an aggregate GFA of 51,675.2 sq.m. and began construction works in the third quarter of 2012 for our Splendid the Legend project, which included resettling housing for the local affected residents.

As at the Latest Practicable Date, we had fully settled the cash compensation in the amount of RMB84.2 million, completed the construction of resettlement housing with the total GFA of 50,167.3 sq.m. and notified the relevant residents for delivery of such resettlement housing. Save that one of the land use rights owners had not provided us with the designated account for payment of compensation fees in the amount of RMB1.0 million, we do not have any further obligations in connection with resettlement operations inspect of the Jinan Tianqiao District resettlement project. Inclusive of the fees for engaging third-party demolition companies, we have incurred total costs in the amount of RMB86.4 million, which has been accounted for as land acquisition costs of Splendid the Legend in Jinan.

CIVIL AIR DEFENSE PROJECTS

As at 31 December 2013, our property development projects included car parks planned for civil air defense projects with an aggregate GFA of 159,977.3 sq.m. (representing 4.04% of our aggregate property portfolio) and a carrying amount of RMB144.7 million. Please refer to the property valuation report as set out in Appendix IV to this prospectus for GFA details of the distribution of civil air defense projects in our property development projects. Car parks planned for civil air defense projects are accounted for as properties under development for sale or completed properties for sale, as appropriate.

We are advised by our PRC Legal Adviser that, as at the Latest Practicable Date, the commencement of the construction of our civil air defense projects under development and the construction of our civil air defense projects for which civil air defense completion acceptance certificates/ records had been issued by local civil air defense authorities complied with the Civil Air Defense Law in all material aspects. Our Directors believe that our business operations have complied with the Civil Air Defense Law in all material respects. During the Track Record Period and up to the Latest Practicable Date, we had not received any warning notice, rectification order or been subject to any fines or penalties in connection with the Civil Air Defense Law.

During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense projects in our property development projects to customers for use as car parks (the "**Designated Car Parks**") and we intend to continue such transfer in the future. We account for revenue from the transfer of the right to use the Designated Car Parks as revenue from sale of properties. Our revenue recognised from such transfer in 2010, 2011 and 2012 and the nine months ended 30 September 2013 was RMB8.4 million, RMB9.5 million, RMB8.5 million and RMB28.4 million, respectively, representing 0.5%, 0.7%, 0.5% and 1.3% of our total revenue for the relevant periods, respectively.

We are advised by our PRC Legal Adviser that the legal position regarding property ownership in respect of civil air defense projects is uncertain under the prevailing PRC laws and regulations, including the Civil Air Defense Law and the Property Law of the PRC. According to our PRC Legal Adviser, there is no express prohibition against the transfer of the right to use the Designated Car Parks under PRC laws and regulations. However, the interpretation and enforcement of the relevant PRC laws and regulations by different local governmental authorities and courts vary on a case-by-case basis. As at the Latest Practicable Date, we had not received any prohibition or rectification order or been subject to any penalty in respect of our transfer of the right to use the Designated Car Parks to our customers, and we had not been involved in any disputes with our customers regarding the transfer of the right to use such car parks. During the Track Record Period, we had internal guidelines requiring our staff to notify our customers of the restrictions in connection with the use of the Designated Car Parks, and such restrictions are also expressly set out in some of the contracts entered into between us and our customers for the transfer of the right to use the Designated Car Parks. However, there is no assurance that all of our staff had fully complied with our internal guidelines. Based on the above, we are advised by our PRC Legal Adviser that the outcome of any disputes arising from such contracts of transfer of the right to use the Designated Car Parks is uncertain. Should it be adjudicated that our contracts of transfer are invalid and unenforceable, we may be required to retrieve the right to use the Designated Car Parks from our customers and refund the consideration to our customers and our customers may be required to pay fees for the period of use of such car parks to us.

In addition, the use of civil air defense projects is subject to management and maintenance conditions under the Civil Air Defense Law. Under the Civil Air Defense Law, while an investor in civil air defense projects can (including lease) and manage civil air defense property in time of peace and profit therefrom, such use shall not impair their functions as civil air defense projects. The design, construction and quality of the civil air defense projects must also conform to the protection and quality standards established by the PRC Government. If our customers fail to maintain the Designated Car Parks in accordance with the applicable laws and regulations, since there is uncertainty regarding the transfer of the right to use the Designated Car Parks, should it be adjudicated that ownership of the Designated Car Parks remains with us notwithstanding such contracts of transfer, we may be subject to adverse legal consequences.

In the event that the PRC Government declares a state of war, the PRC Government may take over civil air defense projects as civil air defense shelters. If our customers fail to deliver the Designated Car Parks when required by the PRC Government in such times of war, since there is uncertainty regarding the transfer of the right to use the Designated Car Parks, should it be adjudicated that the right to use of the Designated Car Parks remains with us notwithstanding such contracts of transfer, we may be subject to sanctions imposed by the PRC Government.

Please see the section headed "Risk Factors — Risks relating to our business — The validity regarding the transfer of the right to use civil air defense projects is uncertain, and we may be required to refund the consideration of such transfer to our customers" in this prospectus.

In respect of the use of civil air defense projects, we have adopted or will adopt the following internal control measures:

1. Since 30 October 2013, we have adopted a standardised contract for the transfer of the right to use the Designated Car Parks, which expressly sets out: (a) the status of the relevant car park as a civil air defense project; (b) the use of the Designated Car Parks under the Civil Air Defense Law, including management and maintenance conditions and other provisions; and (c) in times of war, the PRC Government may take over civil air defense projects as civil air defense shelters and customers shall waive their rights, if any, to seek compensation or recourse against us in connection therewith.

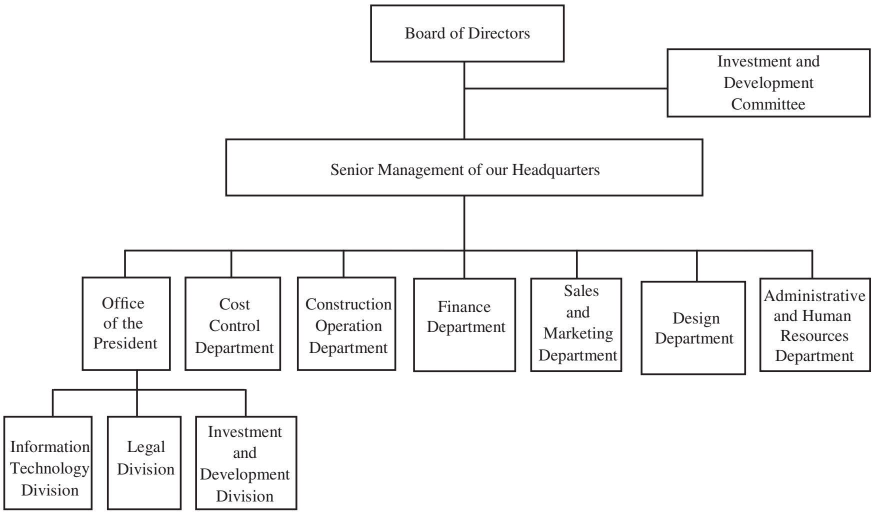
2. We intend to consult external legal advisers to update us on an on-going basis the continuing legal developments in respect of the interpretation and enforcement by PRC governmental authorities in respect of the transfer of the right to use civil air defense projects.

We have engaged Baker Tilly, an independent internal control consultant, to review the effectiveness of internal controls associated with major business processes of our Group, identify deficiencies and improvement opportunities, furnish recommendations on remedial actions and review the implementation status of these remedial actions. Based on the findings and recommendations of the work performed by Baker Tilly, it is considered that the above internal control measures are adequate and effective.

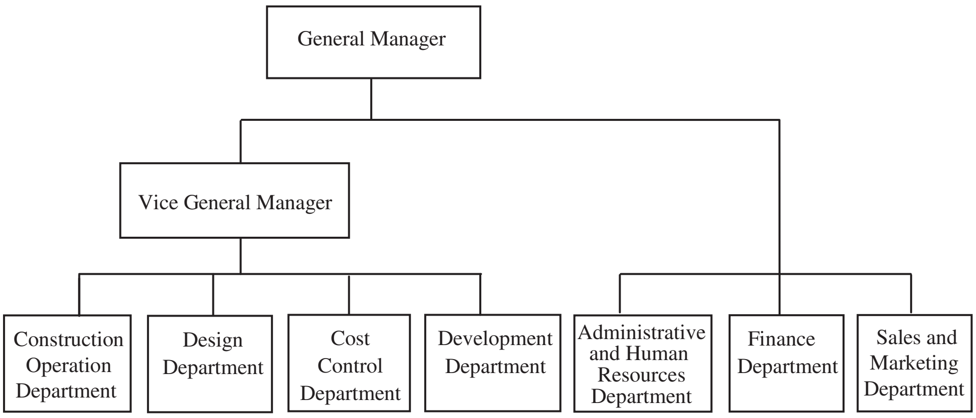
OUR PROPERTY DEVELOPMENT MANAGEMENT

The following chart sets forth the management and reporting structure of our headquarters and our project companies:

(i) Headquarters



(ii) Project companies



We have adopted a three-tier management system comprising our Board, senior management at the headquarters level and senior management at the regional project company level. We have established detailed procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications, prompt decision-making and responsiveness to changing market conditions. We have established various departments at our headquarters, including the Office of the President (總裁辦), the Administrative and Human Resources Department (行政及人力中心), the Finance Department (財務管理中心), the Design Department (設計管理中心), the Construction Operation Department (工程運營中心), the Cost Control Department (成本控制中心) and the Sales and Marketing Department (營銷管理中心) to oversee and coordinate different aspects of our operations. Our headquarters and our regional project companies work closely together in developing a property development project. While our Directors and senior management closely monitor and oversee all property development projects, we delegate a number of important responsibilities to our local teams so that our business strategies are adapted to the distinctive local subcultures in different regions of the PRC. For example, in substantially all the cities where we have presence, our sales and marketing efforts are led by our sales and marketing teams, who are incentivised by their compensation packages to contribute to the success of our property development projects.

OUR PROPERTY DEVELOPMENT PROCESS

SITE SELECTION AND LAND ACQUISITION

- analyse local market information such as land acquisition costs, market supply and demand
- prepare investment return analysis and feasibility studies, budget and project financing proposal
- evaluate and submit for approval by our investment and development committee

PROJECT PLANNING AND DESIGN

- develop standardised property designs and business protocols
- fine-tune concepts and designs for each individual project to maximise the value of the land

PROJECT CONSTRUCTION AND QUALITY CONTROL

- select general construction contractors through an open tender process
- maintain quality control by way of supervision and on-site inspections

SALES AND MARKETING

- develop pre-sales, sales and pricing plans and procedures
- hold promotional and sales events

DELIVERY AND AFTER-SALES SERVICES

- notify our customers of delivery of properties
- assist customers to obtain building ownership certificates

City and Site Selection

Our investment and development committee (投資發展委員會) meets on a monthly basis and is responsible for identifying and evaluating a range of regions or cities in the PRC for potential development, and approving site selection decisions. Our investment and development committee comprises our executive Directors and senior management from each of our Investment and Development Division, our Financial Department, our Cost Control Department, our Sales and Marketing Department, our Design Department and our Legal Division. In order for the investment and development committee to make an informed decision, we conduct due diligence on the local markets regarding land acquisition costs, pricing trends and market supply and demand, following which we prepare investment return analysis and feasibility studies regarding the positioning of our property development projects, budget and project financing proposal. We also engage third-party research companies to analyse the merits of new cities we plan to enter into, especially where the particular proposed property development project features significantly in our expansion into a new market. Representatives of our regional companies also participate in the monthly meetings of our investment and development committee to report their findings on regional land acquisition opportunities.

We consider various factors in our city and site selection including: (a) general socio-economic conditions such as economic growth, population, market supply and demand and the purchasing power of local residents; (b) any preferential governmental policies, such as areas identified by the PRC Government as the key development areas; (c) the site area and location, such as its proximity to downtown and availability of public transport and amenities; (d) in respect of the acquisition of land from third-party project owners, whether there are any legal risks or technical difficulties identified; (e) the estimated project development, financing and marketing timetable; (f) the estimated investment return; and (g) whether the potential site fits our Group's strategic planning.

Land Acquisition

We have established diversified land acquisition strategies that complement each other. We primarily acquire land through acquisition from third parties and listings-for-sale from the PRC government in accordance with relevant PRC laws and regulations. We believe that over the years we have generally been able to acquire land from original project owners who typically were able to make land acquisitions at an early stage when land costs were relatively low. Please refer to the section headed "PRC Regulatory Overview" in this prospectus for further details of the applicable PRC laws and regulations relating to land acquisition.

We have also employed land acquisition strategies to acquire land at competitive costs by selectively engaging in property developments that we believe are compatible with local government policies or other local interest. During the Track Record Period, we have acquired land through (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our past track record in developing quality property development projects to acquire further land in the same geographical area.

For example, we successfully incorporated the cultural concept of the Mazu goddess to acquire land in Tianjin. Generally considered the most influential and widely worshipped goddess of the sea in China, Mazu is at the centre of a host of beliefs and customs, including oral traditions, religious ceremonies and folk practices, throughout China's coastal areas. Mazu is believed to have lived in the tenth century on an island off the Chinese mainland, where she dedicated herself to helping her fellow townspeople, and died attempting to rescue the survivors of a shipwreck. Local residents built a temple in her honour and began to venerate her as a goddess. The Mazu belief and customs have been inscribed in 2009 on the Representative List of the Intangible Cultural Heritage of Humanity of the United Nations Educational, Scientific and Cultural Organisation, and are recognised as an important cultural bond that promotes family harmony, social concord and social identity among local residents living in coastal China. Through Mr. Wong's strong ties with Mazu culture associations, we gained deep insights into the importance of Mazu culture to Tianjin, a coastal city in the Bohai Economic Rim. Leveraging on such knowledge and in line with the Tianjin local government's desire to facilitate Mazu culture and economic development in Taiwan and the PRC, we formed a joint venture company with the largest Mazu worshipping temple in Taiwan to acquire our first parcels of land in coastal Tianjin for the construction of our Sunshine Coast and Land Lot Nos. A1 and A2 projects. We believe the creativeness of incorporating cultural concepts to facilitate land acquisition is a testament to our management's originality and vision.

We also succeeded in acquiring land at competitive costs through early involvement in areas encouraged by the respective local governments in Jinan and Yantai. We believe that such early involvement has enabled us to gain valuable insights into the relevant land in terms of growth potential, costs and development plans of local governments.

Furthermore, we have also leveraged on our past track record in developing quality property development projects to acquire further land in the same geographical area. We believe that our past track record in building quality property developments in a targeted city enhances our brand recognition and demonstrates our commitment to growing together with the city, thereby placing us in a competitive position to acquire further land for development.

Project Planning and Design

Over the years, we have accumulated a diverse portfolio of business protocols and standardised property designs for our property developments. In particular, we have been focusing on three clear product lines consisting of a variety of themed residential properties: (i) Central City; (ii) City Complex; and (iii) Ecological City. To maintain the quality of our product offerings, we engage third-party professional design firms to formulate detailed project designs and construction plans while we actively fine-tune the concepts and designs for each individual project in order to maximise the value of the land. During our selection of design firms, we would consider a number of factors including our past cooperation experience, track record, prices quoted and estimated design cycle. In the past, we have cooperated with a number of reputable design firms such as AECOM and Belt Collins.

Project Construction

Appointment of Construction Contractors

We outsource construction works of all our property development projects to qualified third-party general construction contractors. Such construction works include, among other things, foundation digging, general construction and installation of equipment. The general construction contractors of our property developments are selected through an open tender process. The tender process is managed by the Cost Control Department and the Construction Operation Department of our headquarters and the respective regional companies. We conduct due diligence procedures on our contractors, such as inspecting their credentials and paying site visits of their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractor's professional qualifications, technical capabilities, industry reputation, track record and prices tendered. During the Track Record Period, we had engaged 12 general construction contractors and have maintained stable business relationships ranging from two to seven years with them. We also entered into memoranda of cooperation with four of our construction contractors. The memoranda of cooperation have a term of three years with no commitment to renew upon expiry. Under the memoranda of cooperation, the parties have agreed to establish communication channels and meet regularly with a view to facilitating business cooperation.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction works. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. Our contracts with contractors typically provide for the retention of a certain percentage (such as 5%) of the total payment as quality assurance retention amount. Depending on the type of construction works involved, such retention amount is released to the contractor upon the expiry of the relevant quality assurance period, which is generally two years.

During the Track Record Period, we had received construction services from a connected person, namely Fujian Zhongya Construction Company Limited, for the construction of one of our property development projects, namely Mix Kingdom Redco in Hefei. We do not intend to engage its services upon the Listing. Save as disclosed, all of our general construction constractors and sub-contractors are Independent Third Parties.

Our construction contractors are responsible for the procurement of substantially all of our construction materials. Please refer to the sections headed "— Project construction — Procurement" and "— Suppliers and Customers" in this prospectus for further details.

Quality Control and Construction Supervision

We require our contractors to comply with the relevant PRC laws and regulations relating to construction quality as well as our internal quality control standards and specifications. The construction department of our project companies, by itself or together with construction contractors and certified third-party construction supervision companies engaged by us, monitor the on-site progress regularly and conduct monthly inspections and reviews to ensure the quality and safety of construction works. The Construction Operation Department at our headquarters maintain close contact with the construction operation department of our project companies and conduct both regular and random site inspections so as to ensure that construction plans and rectification works are conducted in a timely and effectively manner. The cost control department and design department of our project companies are responsible for monitoring the cost and design aspects of the property development project. Our construction operation teams at both our headquarters and project company levels comprise qualified engineers and construction technicians with industry experience ranging from two to 22 years.

During the tender process, we typically require the construction contractor to set out the composition of the management team of the property development project, and any change in the composition of the management team after winning the bid is subject to our prior consent. In order to ensure that the property development project meets the construction completion schedule and quality and safety requirements, we may also request the construction contractor to change its management personnel if we consider their performance unsatisfactory. Under our typical contracts, contractors are subject to warranties stipulated in the relevant contracts in respect of construction works completion schedule and the quality of works in accordance with the relevant PRC laws and regulations. Our contractors are also required to pay fines in the event of a delay and bear the costs of rectifying any defects.

During the Track Record Period, we did not have any material disputes with any of our contractors.

Procurement

Our contractors are responsible for procuring substantially all of the construction materials such as steel and cement for our property development projects. We typically provide our specifications regarding construction materials to contractors and require contractors to set out the brands or manufacturers of construction materials in tender documents. Our contractors are required to submit a report setting out all the construction materials intended to be procured for our prior approval. We are entitled to deduct from the total contract sum any costs incurred in the procurement of unapproved construction materials. We may also purchase certain specialised building materials such as doors, windows and elevators directly from designated reputable and reliable brands or manufacturers to ensure quality. Payment methods vary in the procurement of different construction materials, and payment is typically settled in stages within ten days of completion of a certain stage of installation works. When selecting suppliers, we would consider their technical qualifications and accreditations, track record, financial condition, average supply cycle and quality of construction materials. Upon completion of each property development project, we conduct an evaluation of our suppliers to decide whether to continue procuring construction materials from them. For construction materials procured by our contractors, the risk of price fluctuations is absorbed by them so long as the fluctuations are within a certain percentage of the contract price (such as 5%). In the event that the price exceeds the agreed percentage, we may be required to reimburse our contractors for any shortfall. Please refer to the section headed "Risk Factors — Risks relating to our business — Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost of construction materials or cost of labour, which could in turn have a material adverse effect on our business, results of operations and financial condition" in this prospectus. Our construction materials are primarily purchased from suppliers in the PRC. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials that had had a material adverse effect on our business operations.

We have also entered into framework agreements with several suppliers for the supply of electric cables of different specifications with reputable suppliers, all being Independent Third Parties. The framework agreements have a term of one year, renewable upon the parties' mutual agreement one month prior to the expiry of the term. Under the framework agreements, we are required to source electric cables used in our property development projects solely from these suppliers. We are not subject to any minimum purchase commitment. No adjustments can be made if market price fluctuates within 5% of the contract price. If market price fluctuates by more than 5% of the contract price, the parties may agree to adjust the contract price accordingly. The framework agreement may be terminated upon, among other things, a material breach by either party if such breach was not rectified within ten days of service of notice of rectification by the other party.

Sales and Marketing

Sales and Marketing Plan

The sales and marketing teams of our project companies study local market information and formulate pre-sales, sales and pricing plans and procedures for approval by the Sales and Marketing Department of our headquarters. We determine our per unit sales price with reference to the sales price of market comparables, market conditions and our development costs. Our sales and marketing personnel are incentivised by performance-based compensation packages to contribute to the success of our property development projects.

We have established a membership club, Redco Club (力高會), for our customers. Members are entitled to enjoy deductions to the purchase price of their properties. For pre-sales of some of our property development projects, we also offer customised incentives through our referral programmes.

We hold promotional and sales events at our property development project premises and invite potential customers to visit exhibit units. Customers of some of our property development projects are entitled to enjoy discounts and free property management services. We also organise promotional events such as economic forums to increase public awareness of our "Redco" brand.

Pre-sale

In line with market practice in the PRC, we normally commence pre-sales of our property development projects before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans. Relevant PRC laws and regulations require property developers to fulfil certain conditions, including but not limited to payment of the land grant premium and obtaining the relevant land use rights certificate, construction works planning permit, construction works commencement permit and pre-sale permit before the commencement of pre-sales. For further details of the laws and regulations governing pre-sale, please refer to the section headed "PRC Regulatory Overview — Sale of commodity properties" in this prospectus.

Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to pay deposits in several instalments according to the schedule stipulated in the sales contract. The amount of deposit to be paid and the circumstances in which deposits may be forfeited are stipulated in relevant pre-sales contracts. In accordance with the requirements of applicable PRC laws and regulations, we provide warranties on the quality of properties we construct or sell to our customers for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts, being generally two to five years. Please refer to the section headed "Risk Factors — Risks relating to our business — We rely on our external contractors for all of our construction works and if any of these contractors fail to deliver satisfactory services, our reputation, business, results of operations and financial condition may be materially and adversely affected" in this prospectus for further details regarding the associated risks.

Cancelled contracted sales are sales transactions cancelled after the signing of pre-sales contracts but before the delivery of completed properties. So far as our Directors are aware, cancelled contracted sales during the Track Record Period were primarily due to personal reasons. Our Directors further confirm that the cancelled contracted sales did not have a material adverse effect on the financial condition of our Company.

During the Track Record Period, we did not experience any significant delays in obtaining the required certificates and permits for the pre-sale of our properties. Save as disclosed in the section headed "— Legal proceedings, compliance and internal control — Compliance with relevant laws and requirements — Historical non-compliance incidents" in this prospectus, we have complied with all relevant and applicable PRC laws and regulations governing property pre-sales in the PRC in all material respects, and have obtained all necessary permits, certificates and approvals prior to the commencement of pre-sales activities.

For 2010, 2011 and 2012 and the nine months ended 30 September 2013, the amount of pre-sales and sales of properties received by our Group were approximately RMB1.3 billion, RMB1.9 billion, RMB2.4 billion and RMB2.4 billion, respectively.

Payment Arrangements

Our customers may choose to pay the purchase price of our properties by one lump sum payment or by mortgage financing. Customers choosing to settle the purchase price by one lump sum payment will be required to fully settle the purchase price shortly after the execution of the sales contract. Customers choosing to settle the purchase price of residential properties by mortgage financing shall, according to the terms stipulated in the relevant sales contract, normally pay a down payment of no less than 30% of the purchase price upon the execution of the sales contract in accordance with the applicable PRC laws and regulations. Depending on the processing time required by mortgagee banks, the balance of the purchase price will typically be paid by the mortgagee bank shortly after the date of execution of the sales contract.

In line with market price in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the building ownership certificate to the purchaser, or the satisfaction of mortgage loans by the relevant purchaser. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan. We do not conduct credit checks on our customers but rely on credit checks conducted by relevant banks.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, our outstanding guarantees in respect of the mortgages for certain purchasers of our properties amounted to RMB42.5 million, RMB429.3 million, RMB831.3 million and RMB1,186.7 million, respectively. During the Track Record Period, we encountered eight incidents of default by purchasers, which involved an aggregate default payment of RMB1.8 million. Please refer to the sections headed "Financial Information — Indebtedness and contingent liabilities — Contingent liabilities — Guarantees on mortgage facilities" and "Risk Factors — Risk relating to our business — We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans" in this prospectus for further details.

Delivery and After-sales Services

Delivery of Completed Properties

We endeavour to deliver completed properties to our customers on a timely basis in accordance with the terms of the sales contracts. We closely monitor the progress of construction works at our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay a certain percentage of the purchase price as penalty in accordance with the terms of the relevant sales contracts. Under current PRC laws and regulations, we are required to obtain a completion certificate before delivering properties to our customers. Please refer to the section headed "PRC Regulatory Overview" in this prospectus for further information. After a property development project has passed the requisite completion and acceptance inspections, we shall notify and make arrangements with our customers in respect of the inspection and delivery of properties. Under our typical sales contracts, customers failing to accept delivery of properties within ten to 15 days from the date of notification shall be deemed to have accepted delivery of our properties. We also undertake under our sales contracts to deliver individual building ownership certificates for our properties and such process is typically completed within six months from the date of delivery. We may also be liable to compensate our customers for any delay in the delivery of individual building ownership certificates. In 2010, 2011 and 2012 and the nine months ended 30 September 2013, we paid nil, RMB1.2 million, nil and nil due to delay in delivery of properties to customers. Save as disclosed above, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sale during the Track Record Period.

During the Track Record Period, we had received reports from purchasers regarding defects in properties delivered, and such defects had been rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts. Our Directors confirm that we were not liable to pay any compensation in connection with defects in properties delivered.

After-sales services

Our Sales and Marketing Department is responsible for our after-sales customer services. Our customer service personnel provide after-sales services such as assisting customers to obtain building ownership certificates and handling customers complaints. Our customers may also join our Redco Club to participate in our activities and obtain first-handed information regarding our new property development projects.

PROPERTY MANAGEMENT SERVICES

During the Track Record Period, we had not provided property management services and instead engaged property management companies to manage our property development projects. Certain of our property development projects are managed by property management companies which are connected persons of our Company. Please refer to the section headed "Connected Transactions" in this prospectus for further details.

PROPERTIES USED BY US

We have leased properties owned by Independent Third Parties and our connected person for use as office premises. As at 31 December 2013, we had leased properties with an aggregate floor area of 5,306.3 sq.m. Please refer to the sections headed "Connected Transactions" in this prospectus and "Group V — Properties leased by the Group in the PRC" and "Group VI — Property leased by the Group in Hong Kong" of the property valuation report set out in Appendix IV to this prospectus for further details.

PROJECT FINANCING

During the Track Record Period, we financed our property development projects primarily through proceeds from pre-sales and sales of our properties and bank borrowings. As at 30 September 2013, our total outstanding bank borrowings amounted to RMB1,123.4 million. Our bank loans are primarily provided by major commercial banks in the PRC. Please refer to the section headed "Financial Information — Indebtedness and contingent liabilities" in this prospectus for further details of our indebtedness and borrowings.

Our ability to raise capital for our property development projects is affected by economic and regulatory measures introduced by the PRC government to stabilise the property market in the PRC. In particular, any decisions to raise the reserve ratio by the PBOC will limit the amount available to commercial banks for lending, and limit our ability to obtain financing from commercial banks. Please refer to the section headed "Risk Factors — Risk relating to our industry — We may not have adequate financing, whether through bank loans or other arrangements, to fund our property developments, and such capital resources may not be available on commercially reasonable terms, or at all" in this prospectus for further details.

Diversifying our financing channels

Following our Global Offering, we plan to further develop and diversify our financing channels, such as through debt or equity offerings. We expect that more diversified sources of financing will strengthen our financial capability, enable us to consider a wider range of favourable land acquisition opportunities as they arise and thus enhance Shareholders' return.

SUPPLIERS AND CUSTOMERS

Suppliers

In 2010, 2011 and 2012 and the nine months ended 30 September 2013, our five largest suppliers, primarily comprising construction companies which are our contractors and each an Independent Third Party, accounted for 21.9%, 38.6%, 52.3% and 44.0% of our total costs of sales, respectively, and our single largest supplier accounted for 8.5%, 12.0%, 11.8% and 16.4% of our total costs of sales during the same periods, respectively. The table below sets out the details of our five largest suppliers for the nine months ended 30 September 2013:

Background and business profile of suppliers	Relationship with our Group and length of relationship
A company situated in the PRC principally engaged in building construction	Independent Third Party, since 2011
A company situated in the PRC principally engaged in building construction	Independent Third Party, since 2011
A company situated in the PRC principally engaged in building construction	Independent Third Party, since 2009
A company situated in the PRC principally engaged in building construction	Independent Third Party, since 2007
A company situated in the PRC principally engaged in building construction	Independent Third Party, since 2010

To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

We primarily target customers from the growing middle class who are looking to either purchase their first homes or upgrade their living environment. In 2010, 2011 and 2012 and the nine months ended 30 September 2013, our five largest customers accounted for 3.2%, 4.2%, 2.9% and 3.5% of our revenue, respectively, and our single largest customer accounted for 0.8%, 1.9%, 1.0% and 0.9% of our revenue during the same periods, respectively.

All of our five largest customers for the the nine months ended 30 September 2013 are Independent Third Parties and individual purchasers of our properties, whom bought the relevant properties either for self-use or investment purposes.

We have not entered into any long-term agreements with our customers. Save for Hefei Redco Asset Operation, a connected person of our Company by virtue of being controlled by Huang Ruoqing, an executive Director and controlling shareholder, which was our second largest customer accounting for 1.3% of our revenue for 2011, to the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

AWARDS AND RECOGNITIONS

Over the past years, we have received recognition from various industry associations and the public. The table below sets out certain of the awards we received in respect of our property development operations:

Recipient/project	Award/recognition	Awarding body
Corporate level awards		
Redco (China)	China Top 100 Real Estate Developers (中國房地產百強企業) for four consecutive years since 2010	The Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy
	2013 Top 10 Brands of South China Real Estate Companies (2013 中國華南房地產公司品牌價值Top 10)	The Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院)
	China Top 100 Branded Developers in terms of Development Strength (中國品牌地產綜合實力百強最具開發實力型企業) in 2007	The Institute for Urban and Environmental Studies of the Chinese Academy of Social Sciences (中國社會科學院城市發展與環境研究中心), the China Research Institute of Real Estate Planning (中國房地產策劃研究院), the Asia Pacific Real Estate Post (亞太房地產業報社), the China Real Estate Developers' Business Festival Organising Committee (中國品牌地產商務節組委會) and the Private Sector Economy Research Association (中國民(私)營經濟研究會)

Recipient/project	Award/recognition	Awarding body
Jiangxi Redco Property	Ranked 8th Among the Top 10 Commodity Housing in Nanchang in terms of Sales Revenue (南昌市商品房銷售金額前十強企業) in 2012	Nanchang Real Estate Information Net (南昌房地產信息網)
Shandong Redco	1998-2012 Housing Reform 15 Years Celebrity Enterprise (1998-2012 房改十五年明星企業)	Shandong Commercial Daily (山東商報)
Project level awards		
Nanchang		
Riverside International (濱江國際)	2013 New China City Landmark (Nanchang) (中國城市新地標(南昌))	SouFun.com (搜房網）
	2013 New Landmark of Cities in China (Nanchang) (2013中國(南昌)城市新名片)	SouFun.com (搜房網)
	2012 Best Landmark Real Estate of China Jiangxi (中國(江西)最佳地標名盤)	Jiangnan City Daily Agency (江南都市報)
Spain Standard (力高國際城)	2012 Model Estate in China Jiangxi (中國(江西)榜樣名盤)	Jiangnan City Daily Agency (江南都市報)
	2012-2013 Best Quality Model Real Estate Development in Jiangxi (江西地產最佳品質示範力大盤)	Jiangxi Morning Post (江西晨報社)
	2009 Golden Bauhinia Award (金紫荊花獎)	Real Estate Promotion, Construction Industry Sub Council, China Council for the Promotion of International Trade (中國國際貿易促進委員會建設行業分會房地產促進會); SouFun.com (搜房網)
Crown International (皇冠國際)	2008 Golden Bauhinia Award (金紫荊花獎)	Real Estate Promotion, Construction Industry Sub Council, China Council for the Promotion of International Trade (中國國際貿易促進委員會建設行業分會房地產促進會); SouFun.com (搜房網)
	2007 China Top 10 Real Estate Development with International Quality (2007中國十大國際品質樓盤)	2007 China Land & Resources (2007 中國地交會組委會)
Tianjin		
Sunshine Coast (陽光海岸)	2012 Best Sea view Real Estate Development (2012最佳海景樓盤獎)	Daily News (每日新報); Star Media (星際傳媒)
	2012 Real Estate Development with Most Development Potential (2012 最具發展潛力樓盤獎)	enorth.com (北方網); Star Media (星際傳媒)

Recipient/project	Award/recognition	Awarding body
Jinan		
Redco International (力高國際)	2012 Model Residential Estate in Jinan (濟南人居典範好樓盤) in 2012	SouFun.com (搜房網)
Splendid the Legend (盛世名門)	2010 Real Estate Development with Residents' Satisfaction (2010年度百姓滿意樓盤)	Life Daily (生活日報)
	2009 Qilu Famous Real Estate Development (2009齊魯地產名盤)	SDIHAF (中國(山東)住交會); Qilu Evening News (齊魯晚報)
Hefei		
Mix Kingdom Redco (力高●共和城)	2012 Top 10 Model Estate for Marketing and Promotion in Anhui (2012安徽十大營銷推廣典範樓盤)	Xafc.com (新安房產網); Hefei University Real Estate Research Institute (合肥學院房地產研究所)
	2011 Regional Star Estate (2011年度區域明星樓盤)	China Real Estate Industry Association (中國房地產業協會); STAR Real Estate Research Institute (星空地產研究院); STAR Holdings (星空傳媒控股)

COMPETITION

The PRC property industry is highly fragmented and competitive. As a China Top 100 real estate developer, we primarily compete with other China Top 100 real estate developers focusing on the development of residential properties in the PRC. We compete on a broad range of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. In recent years, property developers from the PRC and overseas have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. Moreover, the PRC Government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has large growth potential. We believe that, with our solid experience in real estate development since 1995, our strategic focus on cities with high GDP growth and population growth potential, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC property market. There is no assurance that we will be able to continue competing effectively in our industry. Please refer to the section headed "Risk Factors — Risks relating to our industry — Intensified competition may materially and adversely affect our business, results of operations and financial condition" in this prospectus for further details.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

Over the past few years, the PRC Government has introduced a number of policies to control the growth and curtail the overheating of, and the foreign investment in, the PRC property sector by increasing minimum down payment requirements for residential properties and controlling bank lending to non-first time home buyers or developers who hold idle land. In February 2013, the PRC Government further promulgated the Notice on Further Regulation and Control of Real Estate Market (關於繼續做好房地產市場調控工作的通知), introducing six policy measures to control the real estate market, including: (i) improving the accountability system for stabilisation of property prices; (ii) strictly controlling the purchase of property for speculative purpose; (iii) increasing the supply of ordinary residential properties and the land supply for residential properties; (iv) accelerating the planning and construction of subsidised property development projects; (v) tightening market regulations and forecast management; and (vi) accelerating the establishment and optimisation of the long-term mechanisms for the healthy development of the real estate market. Please refer to the section headed "PRC Regulatory Overview — Measures on stabilising housing price" in this prospectus for further details.

Our Directors believe that while the introduction of austerity measures may have affected the demand from speculative buyers or property investors, such austerity measures had less impact on the demand from our target customers, being first-time home buyers or customers with a need to upgrade their living environment. Notwithstanding the austerity measures and policies implemented by the PRC in recent years, we have remained profitable during the Track Record Period and recorded profit attributable to our owners of RMB117.5 million, RMB85.4 million, RMB65.8 million and RMB270.1 million in 2010, 2011, 2012 and the nine months ended 30 September 2013, respectively.

However, there is no assurance that we can maintain our profitability in the future or that further measures or policies introduced by the PRC Government will not affect our business, results of operations and financial condition. Please refer to the section headed "Risk Factors — Risks relating to our industry — Our operations are subject to extensive governmental regulations and the frequent introduction of new regulations, and we may be affected by further measures promulgated by the PRC Government to slow down the growth of the property sector" in this prospectus for details.

RISK MANAGEMENT

We believe that risk management is crucial to the success of any property developer in the PRC. Key operational risks that we face include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support our developments, ability to complete our development projects on time and competition from other property developers. Please refer to the section headed "Risk Factors" in this prospectus for a discussion of various risks and uncertainties we face.

In addition, we also face various financial risks. In particular, we are exposed to interest rate, foreign exchange, credit and liquidity risks that arise in the ordinary course of our business. Please refer to the section headed "Financial Information — Quantitative and qualitative disclosure of financial risks" in this prospectus for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- Our Board is responsible for determining our business and investment plans, preparing our annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of our Group. Any business decision involving material risks are reviewed, analysed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body. Please refer to the section headed "Founder/Honorary Chairman, Directors, Senior Management and Employees — Board of directors" in this prospectus for details of the experience of members of our Board.

- Our senior management team at our headquarters is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of different aspects of our operations on a daily basis as well as the supervision and approval of any material business decisions of our project companies. We have established detailed procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications among our headquarters and our project companies. The Legal Division at our headquarters is also responsible for ensuring regulatory and contractual compliance.

- Our city and site selection decisions are made by our investment and development committee. This committee is tasked with the evaluation of regions or cities in the PRC for potential development and the approval of site selection decisions. Our investment and development committee includes members of the senior management team at our headquarters. Representatives of our regional companies also participate in monthly meetings of our investment and development committee where required.

- For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by conducting due diligence procedures on our general construction contractors before their appointment while maintaining regular quality control supervision.

- We have adopted various internal policies and procedures for our individual employees in respect of different aspects of the property development process based on our operational needs. We also provide both in-house and external training to our employees in order to enhance their knowledge of our corporate culture, with a view to maintaining integrity and reliability to manage our operational and market risks.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we had three trademarks and one domain name which were registered in the PRC and one trademark which was registered in Hong Kong. We believe that we did not suffer from any infringement of our intellectual property rights by any third parties or violate any intellectual property rights of third parties during the Track Record Period. Please refer to the section headed "Statutory and General Information — Further information about our business — Intellectual property rights of our Group" in Appendix VI to this prospectus for further details relating to our intellectual property.

INSURANCE

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. We typically require the construction contractors of our property development projects to purchase construction in progress insurance for our projects under development. We have not maintained insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group, as such is not required under the applicable PRC laws and regulations. Our Directors consider that the insurance coverage of our Group is adequate and in line with the industry norm. There is a risk that we may incur uninsured losses, damage or liabilities. For further information, please refer to the section headed "Risk Factors — Risks relating to our business — We may not have adequate insurance coverage to cover our potential liability or losses, and as a result our business, results of operations and financial condition may be materially and adversely affected" in this prospectus.

EMPLOYEES

As at 30 September 2013, we employed a total of 433 direct, full-time employees and three workers dispatched to us from a third-party staffing company. Substantially all of our employees are located in the PRC. The following tables shows a breakdown of our employees and workers dispatched to us by function:

Employee Type	Total Number of Direct Employees	Percentage of Total Direct Employees	Staff Dispatched from Third-Party Staffing Companies
Senior management	20	4.6%	—
Legal and information technology	12	2.8%	—
Administrative and human resources	87	20.1%	—
Finance	47	10.8%	—
Investment and development	14	3.2%	—
Cost control	51	11.8%	—
Design	34	7.9%	—
Construction operation	67	15.5%	—
Sales and marketing	101	23.3%	—
Others	—	—	3
Total	433	100.0%	3

We believe that our employees are among the most valuable assets of our Group and have contributed to the success of our Group. We provide both in-house and external training to our employees to enhance their knowledge of our corporate culture, our property development projects, sales techniques and information technology skills, and provide training to individual employees according to their respective job description.

Since our inception, we have not experienced any significant turnover of staff or any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained a good relationship with our employees. There had been no complaints or claims from employees that materially and adversely affected our business operations during the Track Record Period.

Labour Dispatch Agreement with Third-Party Staffing Company

In July 2012, we have entered into a labour dispatch agreement with an Independent Third Party staffing company in Xianyang for a term of two years. Under the agreement, we are responsible for (i) making monthly payments of salaries and social insurance contributions for the dispatched workers and the employment agent's management fees; (ii) providing labour safety protection for the dispatched workers in accordance with the relevant PRC laws and regulations; and (iii) in the event of work-related injury, being jointly responsible with the employment agent's for the medical expenses incurred by the despatched workers. Pursuant to the agreement, the employment agency is required to (i) enter into labour contracts with these despatched staff; (ii) pay wages and making social insurance contributions for the dispatched workers; and (iii) provide us with suitable workers. As at 30 September 2013, we had three workers dispatched to us under the labour dispatch agreement, who were responsible for providing hygiene and catering services.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

Environmental Matters

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the PRC Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Please refer to the section headed "PRC Regulatory Overview — Environmental protection" in this prospectus for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, we are required to apply for an examination and acceptance with respect to environmental matters from the relevant governmental authorities. Only property development projects which have passed such examination and acceptance can be delivered.

Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any default or non-compliance identified. We also provide training to our employees regarding environmental issues from time to time.

In 2010, 2011 and 2012 and the nine months ended 30 September 2013, we incurred RMB1.3 million, RMB1.1 million, RMB0.5 million and RMB1.8 million, respectively, as cost for compliance with applicable environmental rules and regulations. Our Directors expect that we will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level for 2013. As at the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our property development projects. During the Track Record Period, no fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations, and we had obtained all required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

Social, Health and Work Safety

In respect of social responsibilities, in particular health, safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations.

We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with relevant PRC laws and regulations.

Our employees' manual contains policies and procedures regarding work safety and occupational health issues. We provide our employees with annual medical checks and safety training, and our construction sites are equipped with safety gloves, boots and hats. Our Administrative and Human Resources Department is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the Track Record Period, we did not encounter any material safety accident, there were no claims for personal or property damages and no compensation was paid to employees in respect of claims for personal or property damages.

LEGAL PROCEEDINGS, COMPLIANCE AND INTERNAL CONTROL

Legal Proceedings

As a property developer in the PRC, we are subject to arbitration, litigation or administrative proceedings, disputes or claims in the ordinary course of our business. During the Track Record Period, we were involved in legal or other disputes with contractors and purchasers. Each of these proceedings was, in our view, immaterial in terms of its impact on our results of operations and financial condition. Our Directors confirm that, as at the Latest Practicable Date, we had not been involved in any actual or threatened arbitration, litigation or administrative proceedings which had or could be expected to have a material adverse effect on our reputation, business, results of operations and financial condition.

Compliance with Relevant Laws and Requirements

Save for certain incidents of non-compliance as set forth below, our Directors are not aware of any historical and material non-compliance of our Group under PRC laws and regulations during the Track Record Period and as at the Latest Practicable Date. Our Directors are of the view that such non-compliance incidents have not caused and will not have a material adverse effect on our business, results of operations and financial condition.

Qualifications

As advised by our PRC Legal Adviser, as at the Latest Practicable Date, save for Xianyang Redco as disclosed below, and Jiangxi Zhengli, Yantai Redco Development and Shenzhen Dadao were still in the process of applying for requisite licenses, permits, certificates and approvals, our PRC subsidiaries (comprising our Group after the completion of the Reorganisation) had obtained all material requisite licenses, permits, certificates or approvals for our actual business operations in the PRC. The table below sets forth the details of the real property development qualifications obtained by our PRC subsidiaries as at the Latest Practicable Date:

PRC subsidiary	Qualification	Status
Changfeng Lianhua	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 10 April 2014
Jiangxi Chongde	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 4 June 2014
Jiangxi Man Wo	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 29 November 2015
Jiangxi Redco Property Development	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 4 June 2016
Redco (Tianjin)	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 28 February 2014
Shandong Hengjia	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 30 June 2014
Shandong Redco	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on 31 December 2014

PRC subsidiary	Qualification	Status
Xianyang Redco..............	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Expired on 31 December 2013; application to renew has been submitted. As confirmed by Xianyang Housing and Urban-Rural Development and Planning Bureau (咸陽市住房和城鄉建設規劃局), Xianyang Redco has passed the preliminary examination and the application has been submitted to Shanxi Housing and Urban-Rural Development Department (陝西省住房和城鄉建設廳).

The qualification certificates held by Redco (Tianjin), Jiangxi Chongde, Changfeng Lianhua and Shandong Hengjia shall expire within the next six months and we shall submit applications to renew such qualification certificates. As advised by our PRC Legal Adviser, if the application documents have been submitted to the relevant authorities in accordance with real estate development enterprise qualification management regulations (房地產開發企業資質管理規定) and other relevant laws and regulations, and the relevant authorities are of the view that such renewal is in compliance with the requirements under real estate development enterprise qualification management regulations and other relevant laws and regulations, there are no legal impediments to renewing the relevant qualification certificates. If we fail to maintain our licenses, certificates, permits or governmental approvals upon expiry, our development plans may be delayed and there may be an adverse effect on our business. Please refer to the section headed "Risk Factors — Risks relating to our business — We may fail to obtain, or experience material delays in obtaining, requisite certificates, licenses, permits or governmental approvals for our property development operations, and as a result our development plans, business, results of operations and financial condition may be materially and adversely affected" in this prospectus for further details.

Historical Non-compliance Incidents

We set out below details of our material non-compliance incidents during the Track Record Period.

(A) *Idle Land*

According to the Measures on the Disposal of Idle Land (閒置土地處置辦法) promulgated by MLR, if we fail to commence construction of land after one year from the construction commencement date prescribed in the relevant land grant contract, we may be subject to a penalty for idle land at an amount being 20% of the land premium, or if we fail to begin construction works for more than two years from the prescribed construction commencement date, the right to use the land can be taken back by the PRC Government without any compensation, unless the delay in commencement of construction is caused by force majeure or acts of government. For details, please refer to the section headed "PRC Regulatory Overview — Idle land" in this prospectus.

As at the Latest Practicable Date, the construction works in respect of Bluelake County in Nanchang, had been delayed for more than two years from the prescribed construction commencement date under the relevant land grant contract.

Set out below are details of the non-compliance in respect of Bluelake County in Nanchang:

Project (location)	Site area involved	Construction commencement date under the land grant contract	Delay period	(i) Reason for delay (ii) Identity and position of the person involved	Confirmation from relevant authorities	Our PRC Legal Adviser's opinion	Potential Operational and financial impact
Bluelake County (Nanchang)	135,285.0 sq.m.	before 23 June 2011	Construction is expected to commence in the first half of 2014, resulting in a delay of more than two years	(i) The relevant land was not delivered to us in accordance with relevant land grant contract as part of the land was not yet collected and attachments on the land were not yet demolished. There was already a delay in the commencement of construction works when we acquired Jiangxi Chongde, the company holding the land in December 2010. (ii) The director of our Investment and Development Division was involved in the acquisition of the land.	According to confirmations issued by Nanchang county State-owned Land Resources Bureau (南昌縣國土資源局) in June and October 2013, the relevant bureau (i) confirmed that the relevant land was not delivered to us in accordance with relevant land grant contract as part of the land was not yet collected and attachments on the land were not yet demolished, and (ii) approved that the construction commencement date be extended to the first half of 2014.	Based on (i) the reasons for the delay in the commencement of the construction as confirmed by Nanchang county State-owned Land Resources Bureau (南昌縣國土資源局); (ii) the approval of the extension of the construction commencement date to the first half of 2014 by the Nanchang county State-owned Land Resources Bureau (南昌縣國土資源局); and (iii) we confirm we had not received any idle land investigation notice or penalty in relation to the delay in commencement of construction from the relevant governmental authorities, our PRC Legal Adviser is of the view that the risk that we will be subject to idle land fees and/or forfeiture of land for such delay in commencement of construction is low. Our PRC Legal Adviser further confirms that Nanchang county State-owned Land Resources Bureau (南昌縣國土資源局) is the competent authority to provide the said confirmation.	During the Track Record Period and up to the Latest Practicable Date, we had not received any idle land investigation notice or penalty in relation to the delay in commencement of construction from the relevant governmental authorities. In view of the confirmation issued by Nanchang county State-owned Land Resources Bureau (南昌縣國土資源局) in October 2013, and based on the opinion of our PRC Legal Adviser, our Directors consider that such non-compliance will not have any material operational or financial impact on us, and the risk that we will be subject to idle land penalty and/or forfeiture of land for such delay in commencement of construction is low. Accordingly, no provision was made in our financial statements.

During the Track Record Period, the construction works in respect of Spain Standard in Nanchang and Mix Kingdom Redco in Hefei, our projects under development, had been delayed for one year or above from the prescribed construction commencement date under the relevant land grant contract. Set out below are details of the non-compliances in respect of Spain Standard in Nanchang and Mix Kingdom Redco in Hefei:

Project (location)	Site area involved	Construction commencement date under the land grant contract	Delay period	(i) Reason for delay (ii) identity and position of the person involved	Confirmation from relevant authorities	Our PRC Legal Adviser's opinion	Potential operational and financial impact
Spain Standard (Nanchang)	466,665.3 sq.m.	before 30 December 2006	Construction was commenced in January 2008.	(i) The attachments on the land could not be demolished in a timely manner and the land was delivered to us with attachments, which was not in accordance with the delivery conditions as stipulated in the relevant land grant contract and resulted in the failure to commence the construction of Spain Standard before the prescribed date under the relevant land grant contract. (ii) Construction supervisor of the project.	According to a confirmation issued by Nanchang County State-owned Land Resources Bureau (南昌縣國土資源局) in October 2013, the relevant bureau confirmed that (i) the attachments on the land could not be demolished in a timely manner as there was resistance from villagers, which resulted in a delay in commencement of construction works; (ii) the delay in commencement of construction works did not constitute a breach of the applicable PRC laws and regulations regarding idle land; and (iii) approved that the construction commencement date be extended to February 2008.	Based on (i) the confirmation issued by Nanchang County State-owned Land Resources Bureau (南昌縣國土資源局) in October 2013; (ii) we have obtained construction works commencement permit for part of the project and obtained completion certificates for part of the project; and (iii) we confirm we have not received any idle land notification or penalty in relation to the delay in commencement of construction from the relevant governmental authorities, we are advised by our PRC Legal Adviser that the risk that we will be subject to idle land fees and/or forfeiture of land for such delay in commencement of construction is low. Our PRC Legal Adviser further confirms that Nanchang County State-owned Land Resources Bureau (南昌縣國土資源局) is the competent authorities to provide the said confirmation.	During the Track Record Period and up to the Latest Practicable Date, we had not received any idle land investigation notice or penalty in relation to the delay in commencement of construction from the relevant governmental authorities. In view of the confirmation issued by Nanchang County State-owned Land Resources Bureau (南昌縣國土資源局) in October 2013, and based on the opinion of our PRC Legal Adviser, our Directors consider that such non-compliance incident will not have any material operational or financial impact on us, and the risk that we will be subject to idle land penalty and/or forfeiture of land is low. Accordingly, no provision was made in the financial statements.

Project (location)	Site area involved	Construction commencement date under the land grant contract	Delay period	(i) Reason for delay (ii) identity and position of the person involved	Confirmation from relevant authorities	Our PRC Legal Adviser's opinion	Potential operational and financial impact
Mix Kingdom Redco (Hefei)	395,596.4 sq.m.	Before March 2006	Construction was commenced in December 2007.	(i) As we acquired the project in December 2010, the delay was due to the failure to commence construction works by the original land use rights owner. (ii) Relevant personnel of the original land use rights owner.	According to a confirmation issued by Changfeng County State-owned Land Bureau (長豐縣國土資源局) in October 2013, the relevant bureau confirmed that Changfeng Lianhua had obtained the relevant construction works commencement permit, most of the construction works had been completed and relevant completion certificates have been obtained, and it has not found any illegal use of the land.	Based on (i) the confirmation issued by Changfeng County State-owned Land Bureau (長豐縣國土資源局); (ii) we have obtained construction works commencement permits for part of the project and obtained completion certificates for part of the project; and (iii) we confirm we have not received any idle land notification or penalty in relation to the delay in commencement of construction from the relevant governmental authorities, we are advised by our PRC Legal Adviser that the risk that we will be subject to idle land fees and/or forfeiture of land for such delay in commencement of construction is low. Our PRC Legal Adviser further confirms that Changfeng County State-owned Land Bureau (長豐縣國土資源局) is the competent authorities to provide the said confirmation.	During the Track Record Period and up to the Latest Practicable Date, we had not received any idle land investigation notice or penalty in relation to the delay in commencement of construction from the relevant governmental authorities. In view of the confirmation issued by Changfeng County State-owned Land Bureau (長豐縣國土資源局) in October 2013, and based on the opinion of our PRC Legal Adviser, our Directors consider that such non-compliance incident will not have any material operational or financial impact on us, and the risk that we will be subject to idle land penalty and/or forfeiture of land is low. Accordingly, no provision was made in the financial statements.

Save as disclosed above, as advised by our PRC Legal Adviser, none of our projects under development or projects for future development constitute idle land which would be subject to idle land fees and/or forfeiture of land pursuant to the relevant PRC laws and regulations as at the Latest Practicable Date. Save as disclosed above, our Directors confirm that we had complied with all the relevant laws and regulations relating to idle land in the PRC during the Track Record Period and up to the Latest Practicable Date.

We have established internal procedures to ensure that we will comply with the obligations under land grant contracts in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

(B) *Other material non-compliance incidents*

The following table sets forth details of our other non-compliance incidents during the Track Record Period:

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
1. Delay in completion of sea reclamation in respect of Sunshine Coast in Tianjin. According to the relevant listing-for-sale confirmation letter, Tianjin Redco was required to complete the sea reclamation within two years from the issue of the relevant sea area use right certificates (海域使用證書). Tianjin Redco obtained the relevant sea area use right certificates (海域使用證書) in July 2009. However, reclamation of a part of the sea area was completed in April 2013, being more than two years since the issue of the relevant sea area use right certificate.	(i) Due to limitations in public infrastructure such as connecting roads, water supply and electricity supply, the progress of our reclamation works was affected. (ii) The General Manager of Redco Tianjin	According to our PRC Legal Adviser, the listing-for-sale confirmation letter is silent as to concrete consequences of the failure to complete sea reclamation works within the stipulated period. In April 2013, we completed the sea reclamation and the Tianjin Marine Department issued an approval (the "Tianjin Marine Approval") which stated that (i) our sea reclamation works fulfil the applicable requirements, and (ii) we may proceed to apply for land use right certificate for the reclaimed land with the Tianjin Marine Approval and the relevant sea area use right certificate. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any charge or penalty and no action has been taken by the governmental authorities in relation to such delay in completion of sea reclamation.	We have completed the sea reclamation works and obtained the Tianjin Marine Approval and entered into a land grant contract regarding part of the land generated from the sea reclamation works with the relevant governmental authority. Application has been made to obtain the relevant land use right certificate. We have established internal procedures to ensure that we will comply with the obligations under listing-for-sale confirmation letters in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
		Based on the Tianjin Marine Approval and the fact that the relevant listing-for-sale confirmation letter is silent as to the concrete consequences of such delay, we are advised by our PRC Legal Adviser that the risk of the Tianjin Marine Department imposing a material penalty on us for our failure to complete sea reclamation works within the period stipulated in the relevant listing-for-sale confirmation letter is low. In view of the Tianjin Marine Approval and based on our PRC Legal Adviser's advice, our Directors consider that such non-compliance incident will not have any material operational or financial impact on us. Accordingly, no provision was made in our financial statements.	
2. Commencement of construction works before obtaining the required construction works commencement permit. Xianyang Redco commenced the construction works of Phase I, Stage I of Royal City in Xianyang, with a total GFA under development of 47,610.7 sq.m. prior to June 2013, before obtaining the construction works commencement permit from the relevant governmental authority.	(i) Pursuant to verbal consultation with the relevant governmental authority, we were advised that the construction works commencement permit would be issued at an earlier date and we engaged construction contractors to enter the site according to the expected schedule. (ii) Director of Xianyang Redco	In June 2013, a penalty of RMB30,000 was imposed on us by the relevant governmental authority. As we have fully settled the penalty, as advised by our PRC Legal Adviser, the risk that we will be subject to further administrative penalty for this non-compliance incident is low. In view of our PRC Legal Adviser's advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.	We have fully settled the penalty in June 2013. We have established internal procedures to ensure that we will obtain the required construction works commencement permits prior to our commencement of construction works in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
3. Commencement of pre-sales before obtaining the required pre-sale permit. Xianyang Redco conducted marketing activities of Royal City in Xianyang prior to the issue of the required pre-sale permit in August 2013. Such activities were considered as pre-sales activities by the relevant governmental authority	(i) During the marketing activities of Royal City in Xianyang, we received refundable earnest monies ranging from RMB100 to RMB1,000 per property from potential customers. Such marketing activities, which were conducted prior to the issue of relevant pre-sale permits in August 2013, were considered by the relevant governmental authority to constitute pre-sale activities. Pursuant to verbal consultation with the relevant governmental authority, we were advised that the pre-sale permit would be issued at an earlier date and we organized the marketing activities according to the expected schedule. (ii) Director of Royal City in Xianyang	In April 2013, we were imposed a fine of RMB5,000 by the relevant governmental authority. As we have fully settled the penalty, as advised by our PRC Legal Adviser, the risk that we will be subject to further administrative penalty for this non-compliance incident is low. In view of our PRC Legal Adviser's advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.	We have fully settled the penalty in May 2013. We have established internal procedures to ensure that we will obtain all the required pre-sale permits prior to our commencement of pre-sales of properties in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
4. Failure to make capital contributions towards the registered capital of PRC subsidiaries within the period stipulated in the approval documents We did not make capital contributions towards the registered capital of Redco (China) and Yantai Redco Development within the period stipulated in the relevant approvals. According to the joint venture contract, Memorandum and Articles of Association and an approval letter issued by the local government in respect of the establishment of Redco (China), its registered capital is HK$100 million. HK$15 million of capital contributions should be made by its shareholders, namely Redco Holdings (Hong Kong) and Fujian Hui Gao, in proportion to their investments by 14 December 2005, and the remaining HK$85 million should be made by 14 September 2008. No capital contributions were made prior to 14 December 2005. Capital contributions of approximately HK$15.5 million and HK$24.5 million were made by Fujian Hui Gao on 6 April 2006 and 20 July 2007, respectively. Capital contributions of HK$9 million and HK$44 million were made by Redco Holdings (Hong Kong) on 18 June and 3 September 2010, respectively. Capital contributions of the remaining HK$7 million was made by Fujian Hui Gao on 11 January 2013.	(i) For Redco (China), due to an unexpected delay in approving the equity transfer of Redco (China) by the relevant governmental authority. For Yantai Redco Development, due to insufficient time to complete all the relevant administrative procedures with various governmental authorities. (ii) For Redco (China), the administrative manager of Redco Holdings (Hong Kong) and for Yantai Redco Development, the administrative manager of Yantai Redco Development.	According to our PRC Legal Adviser, we may be subject to rectification order to pay-up the required contributions. For Redco (China), we may be required to pay delay interest or compensate losses under the joint venture contract and be subject to claims from the other shareholder of Redco (China) for breach of our contribution obligations under the joint venture contract and approvals. During the Track Record Period and up to the Latest Practicable Date, we had not received any rectification order or been subject to any penalty or charge in respect of such non-compliance. As advised by our PRC Legal Adviser, since (i) we have fully paid-up the delayed capital contributions, (ii) we confirm we have not received any objection from governmental authorities regarding such late contributions, and (iii) for Redco (China), it had passed the latest industry and commerce annual inspection and the relevant governmental authorities approved subsequent changes in its shareholding, such non-compliances do not materially affect the continuing validity of Redco (China) or Yantai Redco Development. In view of our PRC Legal Adviser's opinion, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements. As we have fully paid-up the delayed capital contributions, no provision was made in our financial statements.	We had fully paid-up the delayed capital contributions to Redco (China) and Yantai Redco Development. We have established internal procedures to ensure that we will make capital contributions in accordance with the relevant articles and/or approvals in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
According to the joint venture contract, Memorandum and Articles of Association and an approval letter issued by the local government in respect of the establishment of Yantai Redco Development, its shareholders, namely Hong Kong Wing Power and Redco (China), should make capital contributions of US$22.23 million in proportion to their respective investment by 8 January 2013. In September 2013, the registered capital of Yantai Redco Development was increased to US$48 million. US$9.6 million, or 20% of the registered capital of US$48 million, should be paid by 15 October 2013, and the remaining US$38.4 million of the registered capital should be made by 15 September 2015. US$7 million of capital contribution was made by Hong Kong Wing Power on 16 October 2013. In October 2013, Redco (China) transferred its 10% equity interest to Hong Kong Wing Power. Hong Kong Wing Power made capital contributions of HK$27 million on 29 October 2013. The remaining US$14 million of capital contributions should be made by 15 September 2015.			
5. Non-compliance with foreign exchange registration requirements Redco (Tianjin) failed to disclose the particulars of its ultimate shareholder correctly, thereby failed to register Huang Ruoqing with SAFE in accordance with the applicable PRC laws and regulations	(i) The misunderstanding of the staff of (Redco) Tianjin as to the nationality of Huang Ruoqing. (ii) An officer of the administrative and human resources department of Redco (Tianjin)	In January 2013, we were imposed a penalty of RMB50,000 by the SAFE Tianjin branch. As we have fully settled the penalty, as advised by our PRC Legal Adviser, the risk that we will be subject to further administrative penalty for this non-compliance incident is low. In view of our PRC Legal Adviser's advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.	We fully settled the penalty in January 2013 and completed the necessary registration procedures with SAFE. We have established internal procedures to ensure that we will comply with foreign exchange registration requirements in the future. Please refer to the section headed "— Internal control measures to ensure future compliance" in this prospectus for further details.

Non-compliance incident	Reason(s) for non-compliance	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
6. Non-compliance with the Companies Ordinance Contrary to section 122 of the Companies Ordinance, for certain years, certain members of our Group, namely Power Thrive, Redco Investment, Redco Holdings (Hong Kong), Redco Industrial and Fame Step (collectively, the "**Relevant Companies**") failed to lay their profit and loss accounts and balance sheets ("**Accounts**") at their respective annual general meetings and/or lay their Accounts made up to date following not more than nine months before the date of the annual general meeting. Relevant Accounts of non-compliance: (1) Power Thrive (19 January 2009 to 31 December 2011) (2) Redco Investment (17 October 2005 to 31 December 2006, 1 January 2010 to 31 December 2010, 1 January 2012 to 31 December 2012) (3) Redco Holdings (Hong Kong) (1 April 2002 to 31 December 2008, 1 January 2010 to 31 December 2012) (4) Redco Industrial (28 June 2011 to 31 December 2011) (5) Fame Step (13 January 2011 to 31 December 2012)	Reliance on the then company secretaries and the inadvertent omission of the company secretaries to prepare the minutes of the annual general meetings in compliance with section 122 of the Companies Ordinance.	A penalty of HK$300,000 and 12 months' imprisonment for breach of section 122 of the Companies Ordinance We had not received any penalty notice or been subject to any penalty or charge for the breach of section 122 of the Companies Ordinance during the Track Record Period and up to the Latest Practicable Date. Our Directors consider that such non-compliance would not have a material operational or financial impact on us. We had not made any provision for such potential penalty as our Company considers that the potential penalty is not a material amount compared to the overall financial status of our Group.	Application has been made to the High Court of Hong Kong ("**Court**") for relief and an extension of time for laying all the relevant Accounts by the Relevant Companies. A hearing will take place on 19 February 2014 (the "**Hearing**"). As of the Latest Practicable Date, a judgment of the Court or additional directions from the Judge, as the case may be, is still pending following the Hearing. We will disclose the status of the rectification in the interim and/or annual reports, as the case may be. As advised by our special legal adviser in relation to the above application, Hart Giles, Solicitors & Notaries, a solicitors firm in Hong Kong (the "**Adviser**"), each of the directors of each of the Relevant Companies at the material times is potentially liable for non-compliance with section 122 of the Companies Ordinance. As advised by the Adviser, there is a reasonably good chance that the Court would accede to the applications. Notwithstanding the above, the Adviser is of the view that any penalty, if applicable in the circumstances, would mostly likely only be a fine (usually in terms of several thousand Hong Kong dollars per count) for the following reasons: (1) The Court would not impose any sentence of imprisonment against any particular director unless the Court was of the opinion that the offense was committed wilfully;

Non-compliance incident	Reason(s) for non-compliance	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
			(2) Based on the instructions and evidence the Adviser has seen, the non-compliance with section 122 of the Companies Ordinance was inadvertent and on the basis that the respective directors of the Relevant Companies did not choose to breach section 122 of the Companies Ordinance deliberately or intentionally, the sanction imposed would be only one of a fine. Without any evidence that the directors deliberately chose not to comply with the requirements in section 122 of the Companies Ordinance, the Court would not order any sentence of imprisonment pursuant to section 122(3)(b) of the Companies Ordinance.

Save as disclosed above, as advised by our PRC Legal Adviser, King & Wood Mallesons based on their due diligence and confirmation from our Company, our PRC subsidiaries (comprising our Group after the completion of the Reorganisation) have complied in all material respects with the relevant PRC laws and regulations in relation to our actual business operations as approved by relevant governmental authorities during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL MEASURES TO ENSURE FUTURE COMPLIANCE

In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted or will adopt the following remedial actions:

(i) our Directors have attended trainings conducted by our Company's Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the Listing Rules and the Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;

(ii) we have appointed Celestial Capital Limited as our Company's compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;

(iii) we have established an audit committee which comprises four independent non-executive Directors. The audit committee has also adopted its terms of reference which set out clearly its duties and obligations for ensuring compliance with the relevant regulatory requirements. In particular, the audit committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters;

(iv) we will, when required, engage external legal advisers to provide legal advice and training to the Directors and members of the senior management in respect of PRC laws and regulations applicable to our Group; and

(v) we will conduct regular internal control reviews to ensure that the governmental regulations and related policies in different operational aspects are fully complied with.

In order to prevent re-occurance of non-compliance incidents in the future and further strengthen our internal control system, we have taken the following additional measures to improve our corporate governance and internal control:

Matters of non-compliance	Internal control measures	Time of implementation of internal control measures
Idle land	Our internal policy has been revised such that Legal Division shall be responsible to supervise the implementation of terms relating to the transfer and development of land and report regularly to the management of our Company the progress of property development projects. In the event that construction works cannot be commenced according to the prescribed date of commencement, the relevant governmental authorities shall be notified in writing promptly. Where necessary, we may also seek legal advice from external professional consultants.	We adopted such measures in November 2013.
Delay in completion of sea reclamation	Prior to the commencement of the development of each property development project, our Construction Operation Department shall consult our Legal Division as to the relevant government regulations, and prepare a list setting out all the conditions of development such as the development timetable, development restrictions and conditions, and file the list with the Legal Division. If necessary, our Legal Division may seek external legal advice for proper legal compliance purposes. Our Construction Operation Department shall communicate regularly with our Legal Division to ensure that all our property development works are carried out in accordance with the applicable PRC laws and regulations. In case of a significant delay in the progress of a project due to technical issues or unforeseen reasons, our Construction Operation Department shall notify the relevant government authority in writing as to the problems encountered by our Company. Where necessary, we may also seek legal and/or technical advice from external professional consultants.	We adopted such measures in November 2013.
Commencement of construction works before obtaining the required construction works commencement permit	Our Construction Operation Department shall be responsible for preparing a list setting out all permits, certificates and approvals required for a property development project, and instruct the designated person of the construction department of our project companies to ensure that construction works commencement permits have been obtained before the commencement of construction works. Our Construction Operation Department shall submit the aforesaid list to the Legal Division for filing, and also consult our Legal Division prior to the commencement of construction works in order to prevent the commencement of construction works prior to obtaining the required construction commencement permits.	We adopted such measures in November 2013.

Matters of non-compliance	Internal control measures	Time of implementation of internal control measures
Commencement of pre-sales before obtaining the required pre-sale permit	Our internal policy has been revised to require the Sales Operation Department to obtain the relevant pre-sale permit before commencement of pre-sales. The Sales Operation Department has to submit the pre-sale permit to the Legal Division for filing.	We adopted such measures in November 2013.
Failure to make capital contributions towards the registered capital of PRC subsidiaries within the period stipulated in the relevant articles or approval documents	Our internal policy has been revised such that our Legal Division shall be responsible for overseeing all the legal procedures relating to the making of capital contributions to the registered capital of companies to be established in the PRC. Where necessary, we may also seek legal advice from external professional consultants.	We adopted such measures in November 2013.
Non-compliance with foreign exchange registration requirements	Our Legal Division shall be responsible for ensuring compliance with the applicable PRC laws and regulations in relation to foreign exchange registration requirements. As at the Latest Practicable Date, our Legal Division is comprised of (a) a legal director (newly employed in May 2013), who passed the China Judicial Examination (國家司法考試) and has over 10 years of experience in the legal profession; and (b) two employees who obtained their bachelor's degrees in laws in China. The legal director shall report our Group's legal issues to the Office of President, which in turn shall report those issues to Mr. Hong Duxuan, from time to time. We have sought external legal advice from two legal advisers since early 2013. Where necessary, we may also seek legal advice from other external professional consultants. Upon the establishment of new subsidiaries in the PRC in the future, we shall conduct compliance assessments in respect of the applicable PRC foreign exchange laws. The above-mentioned procedures have been incorporated into our internal policy for strict compliance by the responsible personnel.	We adopted such measures in November 2013.

Hong Duxuan, an executive Director who is responsible for legal affairs of our Group, shall be responsible for overseeing the implementation of the above measures. Please refer to the section headed "Founder/Honorary Chairman, Directors, Senior Management and Employees — Board of Directors" in this prospectus for the qualification and experience of Mr. Hong.

Matters of non-compliance	Internal control measures	Time of implementation of internal control measures
Non-compliance with the Companies Ordinance	Our Directors will ensure our Hong Kong subsidiaries will adhere to sections 122 of the Companies Ordinance by designating our Company Secretary, Chan Hing Chau, a member of the Hong Kong Institute of Certified Public Accountants to (i) monitor the regulatory requirements in respect of our Hong Kong subsidiaries, and (ii) keep abreast of the regulatory requirements under sections 122 of the Companies Ordinance. Please refer to the section headed "Founder/Honorary Chairman, Directors, Senior Management and Employees — Senior Management" in this prospectus for the qualifications and experience of Mr. Chan.	We adopted such measures in November 2013.

We engaged Baker Tilly on 29 July 2013 to review the effectiveness of internal controls associated with major business processes of our Group, identify deficiencies and improvement opportunities, furnish recommendations on remedial actions from 12 August 2013 to 30 August 2013 and review the implementation status of these remedial actions from 15 October 2013 to 18 October 2013. The above remedial actions are consistent with those recommended by Baker Tilly in addressing some key findings of its review on our internal controls. Baker Tilly is part of Baker Tilly Hong Kong which is an independent affiliate firm of Baker Tilly International in Hong Kong. Baker Tilly is engaged in providing risk management, internal control and corporate governance advisory services to the listed companies and the listing candidates in Hong Kong.

Based on the findings, recommendations and testing results of the work performed by Baker Tilly, it is considered that such remedial actions are adequate and effective.

After considering the above remedial actions taken by our Group and our business nature and operation scale, our Directors are satisfied that our internal control system is adequate and effective for our current operation environment and consider that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules.

Having considered the above remedial actions taken by us and our business nature and operation scale, the Sole Sponsor concurred with our Director's view that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules.

As at the Latest Practicable Date, save that the audit committee is to be established shortly before the Listing, the above internal control measures had been implemented as planned.

We have adopted the following internal control measures to ensure ongoing compliance with anti-bribery laws and regulations:

(1) Our Directors and members of the senior management have attended training in connection with anti-bribery rules and regulations under the PRC laws.

(2) Our Board has adopted an anti-bribery policy with a specific focus on our Company's principal business, property development, and circulated such policy to the management of our various departments. The policy sets out suggestions and recommendations to handle suspected bribery activities as they arise under different circumstances, such as the standards and attitudes to be observed when dealing with governmental authorities and officials during the public tender, listing-for-sale and auction of land, with a view to preventing us or any of our senior management and employees to be implicated in bribery incidents.

(3) We will conduct regular anti-bribery trainings in order to enhance our employees' and senior management's understanding of the relevant laws and regulations, as well as to keep our employees abreast of updates in the relevant laws and regulations.

(4) Regular internal control reviews will be conducted to ensure that the anti-bribery policy has been effectively and adequately implemented by our Company.

Based on the findings, recommendations and testing results of the work performed by Baker Tilly, it is considered that such internal control measures are adequate and effective.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Global Universe and Times International are companies incorporated in the BVI with limited liability and wholly-owned by Mr. Wong and Huang Ruoqing, respectively. Immediately upon completion of the Capitalisation Issue and the Global Offering, Global Universe and Times International will hold 45% and 30%, respectively, of our issued share capital, taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme. Accordingly, Mr. Wong, Huang Ruoqing, Global Universe and Times International are our controlling shareholders. Global Universe and Times International are principally engaged in investment holding.

Our controlling shareholders confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE TO OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we will be able to operate independently from our controlling shareholders and their respective associates (other than our Group) upon the Listing for the following reasons:

Management Independence

Our Board comprises three executive Directors and four independent non-executive Directors. Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our controlling shareholders following completion of the Global Offering.

Operational Independence

Our Directors consider that our operations do not depend on the operation of our controlling shareholders for the following reasons:

(i) there is no competing business between our Group and any of our controlling shareholders;

(ii) none of our Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(iii) we have our own independent operation capabilities and independent access to customers and suppliers and had not entered into any connected transactions with any connected person of our Group save for the connected transactions that will continue after Listing as set out in the section headed "Connected Transactions" in this prospectus. The continuing connected transactions of our Group have been entered into and will continue to be entered into on normal commercial terms and in our ordinary course of business.

Our Group, our controlling shareholders and their associates do not have any common, nor shared, facilities or resources during the Track Record Period and up to the Latest Practicable Date.

On the basis of the matters described in this section, we believe that we are capable of carrying on our business independently of our controlling shareholders and their respective associates.

Financial Independence

We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group has an independent financial system and makes financial decision according to its own business needs. We are financially independent of our controlling shareholders and their respective associates. All loans, advances and balances due to and from and guarantee provided by our controlling shareholders and their respective associates will be fully settled and that all security over assets and guarantees provided by our controlling shareholders and their respective associates on our Group's borrowing will be fully released and replaced by corporate guarantee to be provided by the Company upon Listing.

Our Directors are satisfied that we are capable of carrying on our business independently from our controlling shareholders and their respective associates (other than our Group) after the Listing.

Acquisition and holding of properties developed by our Group

Huang Ruoqing, one of our controlling shareholders and our executive Director, through Hefei Redco Asset Operation, a company controlled by him, acquired certain retail shops in Berlin Spring and certain retail shops, storage spaces and equipment rooms in Royal Village in Hefei (the "**Retained Properties**") in 2009 and 2010 for personal investment purpose.

The particulars of the Retained Properties are as follows:

Project name	Type of property	Total GFA	Approximate market value as at the date of acquisition
		(in sq. m.)	
Berlin Spring	Retail shops	168.47	RMB928,700
Royal Village	Storage spaces and equipment rooms	3,334.24	RMB6,860,000
Royal Village	Retail shops	1,753.32	RMB10,600,000

Hefei Redco Asset Operation is controlled by Huang Ruoqing and is an investment holding company. For further details of the above related parties transactions, please refer to the paragraph headed "Financial Information — Quantitative and Qualitative Disclosure of Financial Risks — Related Party Transactions" in this prospectus. Our Directors consider the investment in the above assets by our controlling shareholder does not constitute competition with the business of our Group as (i) Berlin Spring and Royal Village in Hefei have been completed and delivered; (ii) such properties are not located in the proximity of our other property development projects; and (iii) the holding of such properties is solely for Huang Ruoqing's personal investment.

NON-COMPETITION UNDERTAKINGS

Each of our controlling shareholders has entered into a Deed of Non-competition in favour of our Company, pursuant to which each of our controlling shareholders has undertaken to our Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold shares or interests (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) in any companies or businesses that compete directly or indirectly with the property development and property investment business engaged by our Group (the "**Restricted Business**").

In the event that any of our controlling shareholders or their respective associates (other than any member of our Group) intends to acquire, or is offered by a third party, any investment which is, or is likely to be in, direct or indirect, competition of the Restricted Business ("**Proposed Investment**"), each of our controlling shareholders has undertaken that it/he shall refer to our Company the Proposed Investment in the following manner:

(i) our controlling shareholders or their associates shall provide with the Board a written notice in respect of the Proposed Investment, together with all relevant information of Proposed Investment (including but not limited to the particulars of the companies, businesses or properties to be acquired, consideration involved and other proposed terms of the acquisition) reasonably necessary for our Company to consider whether to pursue the opportunity;

(ii) our Company is required to notify the relevant controlling shareholder within 30 business days after the date of such notice, the decision as to whether the Proposed Investment is accepted or declined. Our Company will seek approval from its Board committee, consisting of independent non-executive Directors who do not have any material interests in the Proposed Investment, as to whether to pursue or decline such opportunity;

(iii) the relevant controlling shareholder or his/its associates will be entitled to pursue the Proposed Investment if (a) he/it has received a notice from our Company declining such opportunity; or (b) he/it has not received any notice above from our Company within 30 business days after the date of the above notice; and

(iv) if there is a material change in the terms or nature of the Proposed Investment perused by the relevant controlling shareholder or his/its associates, he/it will refer the opportunity pursuant to the revised terms to our Company again in the manner as outlined above.

In the event that any of our controlling shareholders intend to acquire any property developed by our Group ("**Proposed Acquisition**"), such controlling shareholder shall submit the proposal with details including the particulars of the properties to be acquired, consideration involved and other proposed terms of the acquisition (the "**Proposal**") to our Board for consideration. Our controlling shareholders shall not acquire any properties developed by our Group, unless (i) all relevant information in connection with the Proposed Acquisition has been provided with the Board; (ii) the principal terms of Proposal are no more favourable than those made available to the independent third parties and such terms shall be fully disclosed to our Board and/or the independent Shareholders (as the case may be); (iii) the aggregate transaction amounts for the Proposed Acquisitions in each financial year do not exceed 1% of the total revenue of our Group in the preceding financial year; and (iv) the Proposed Acquisition is approved by majority vote casted by non-conflicted Directors at the relevant Board meeting (where the relevant controlling shareholder who is also a Director will not be counted in the quorum of the relevant Board meeting and shall abstain form voting on such matters) after such Directors having considered the Proposal on the condition that the relevant controlling shareholder shall undertake that such properties should not be offered for sale by the relevant controlling shareholder prior to completion of sales of the properties of the relevant project by our Group or 12 months after completion of the acquisition contemplated under the Proposal, whichever is earlier. Given the transaction between the relevant controlling shareholder and our Company will constitute connected transaction of our Company upon Listing, our Company will comply with applicable disclosure and/or independent shareholders approval requirements under the Listing Rules should it proceed with any transaction contemplated under the Proposal.

Such non-competition undertaking does not apply where:

(a) any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Company and has been offered to our Group in accordance with the Deed of Non-competition and our Group, after review and approval by the independent non-executive Directors, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third party, provided that the principal terms by which each of our controlling shareholders (or its or his relevant associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those offered to our Company; or

(b) (i) when the controlling shareholders and/or their respective associates, directly or indirectly, through their respective subsidiaries, affiliates or other parties become interested in less than 30% of the issued shares of the Company in aggregate; (ii) the Shares are no longer listed at the Stock Exchange; or (iii) having interests in the shares of a company which shares are listed on a recognised stock exchange provided that the total number of the shares held by our controlling shareholders and/or their respective associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such controlling shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our controlling shareholders and their respective associates in aggregate.

The "restricted period" stated in the Deed of Non-competition refers to the period during which (i) the Shares remain listed and traded on the Stock Exchange; and (ii) the relevant controlling shareholders and/or their respective associates are entitled to jointly or severally exercise or control the exercise of not less than 30% in aggregate of the voting rights at general meetings of our Company.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to manage any potential or actual conflict of interests between us and our controlling shareholders and to safeguard the interests of our Shareholders:

- our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our controlling shareholders;

- our controlling shareholders have undertaken to us that they will, and will procure their respective associates to use their best endeavours to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-competition;

- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-competition, including the decision and related basis to accept or decline any business opportunity in the Restricted Business first offered to our Company under the Deed of Non-competition, in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- our controlling shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-competition in accordance with the principle of voluntary disclosure in the corporate governance report;

- the executive Directors will ensure that any material conflict or material potential conflict of interests involving the Proposed Acquisition and/or Proposed Investment will be reported to the independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered and a Board meeting will be held to review and evaluate the Proposed Acquisition and/or Proposed Investment. The conflicted Directors shall refrain from participating in the Board meetings on which resolutions with material conflict or material potential conflicts of interest are discussed; and

- in the event that the material conflict or material potential conflict of interests involving the Proposed Acquisition and/or Proposed Investment may materialise, our controlling shareholder(s) and their associates will abstain from voting in the Shareholders' meeting with respective resolution(s), considering such acquisition.

OUR CONTROLLING SHAREHOLDER AS A WITNESS IN A TRIAL

Mr. Wong gave testimony in relation to the trial of Lin Changyuan (林昌源), a former chief of Youxi county (尤溪縣), Fujian Province. In 2008, Lin Changyuan was prosecuted by Fujian Province Xiamen People's Procuratorate (廈門市人民檢察院) for receiving bribes.

Mr. Wong came to know Lin Changyuan through a construction project of a section of a public road undertaken by Forever China in Youxi county in 1997. Lin Changyuan was the chief of Youxi county at the relevant time. Mr. Wong confirmed in his testimony that, he was asked by Lin Changyuan to advance a sum in the amount of RMB200,000 for Lin Changyuan to purchase a property and that he did not do so of his own initiative. Mr. Wong also confirmed in his testimony that he had asked Lin Changyuan to repay the money on several occasions, and that Lin Changyuan had, until early 2007, always indicated that he wanted to repay the said RMB200,000 and settle the matter. Lin Changyuan submitted to the court that the amount of RMB200,000 obtained from Mr. Wong was a loan.

In 2009, the court found that despite having ample funds at his disposal at all times to effect repayment, Lin Changyuan never intended to repay the amount, and had a subjective intention to unlawfully usurp such money. The court found the reason for Lin Changyuan's defence insufficient and did not accept his defence. The court found Lin Changyuan guilty of receiving bribes.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries, any of their associates and any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date will become a connected person of our Company upon the Listing. Upon the Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Continuing connected transactions which are exempted from the reporting, announcement and independent shareholders' approval requirements

Financial Assistance

Background of the transaction

During the Track Record Period, Chen Huaimei had provided shareholder's loan to Xianyang Redco in proportion to his shareholding in Xianyang Redco for the purpose of development of our project, Royal City. The amount due to Chen Huaimei does not carry any interest and it is expected that the amount due will be fully settled by surplus cash flow from the proceeds of the sales of Royal City around the end of 2014.

Related Party Loan Agreement

On 17 January 2014, Xianyang Redco entered into a loan agreement with Chen Huaimei (the "**Related Party Loan Agreement**") for a term up to 31 December 2014, pursuant to which the parties agreed that the amount due to Chen Huaimei in the amount RMB32,000,000 shall be non-interest bearing loan and repayable by Xianyang Redco to Chen Huaimei on or before 31 December 2014.

Historical transaction amounts

As at 30 December 2010, 2011 and 2012 and 30 September 2013, the amount due to Chen Huaimei was nil, nil, RMB14,000,000 and RMB32,000,000, respectively.

Given that the amount advanced from Chen Huamei is proportional to his equity interest in Xianyang Redco and such loan is non-interest bearing, our Directors (including our independent non-executive Directors) consider that the Related Party Loan Agreement has been entered into on better terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Listing Rules implications

Chen Huaimei is a shareholder holding 30% interest in Xianyang Redco, our non-wholly owned subsidiary, thus he is a substantial shareholder of Xianyang Redco and a connected person of our Company. Hence, the amount due by Xianyang Redco to Chen Huaimei constitutes a connected transaction of our Company upon Listing.

As the loan was provided for the benefit of our Group on normal commercial terms (or better) and no security over the assets of our Group was granted in respect of the loan, the transactions under the Related Party Loan Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.65 of the Listing Rules.

Lease of Properties

Background of the transaction

During the Track Record Period, we had leased Unit 1 and Unit 2 on 20th Floor with the area of approximately 4,650 square feet (the "**Office Premises**") and car parking spaces Nos. 35, 36, 54 and 69 on 3rd Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon, Hong Kong (collectively, the "**Hong Kong Properties**") from Mr. Wong. The Office Premises is used as our office in Hong Kong.

Lease Agreement

On 8 November 2013, our Company entered into a lease agreement with Mr. Wong (the "**Lease Agreement**") (as varied and modified on 2 January 2014) for the leasing of the Hong Kong Properties to our Group for a monthly rental of HK$125,000 per month (exclusive of management fees and rates) commencing on 1 January 2014 and ending on 31 December 2015 with an option of termination by either party by giving not less than three months' written notice.

Historical transaction amounts

No rental was paid by us to Mr. Wong during the Track Record Period.

Proposed annual cap on future transaction amounts

The annual rental payable by us under the Lease Agreement will be nil, HK$1.5 million and HK$1.5 million for each of the three years ending 31 December 2015, which is determined after arm's length negotiation between the parties thereto by reference to prevailing market rates.

Savills, our independent property valuer, has reviewed the Lease Agreement and conducted market research on the leasing market in Hong Kong. Savills has confirmed that the rent is at current market level and the other commercial terms of the lease are on normal commercial terms under the current prevailing market conditions and are considered fair and reasonable.

Listing Rules implications

As Mr. Wong is our controlling shareholder and thus a connected person of our Company, the Lease Agreement will constitute continuing connected transaction of our Company upon Listing.

As each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules in respect of the above transaction is less than 0.1% on an annual basis, the transaction under the Lease Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Property Management Services provided by Yantai Zhongtai

Background of the transaction

During the Track Record Period, we had engaged Yantai Zhongtai Property Management Company Limited (烟臺市中泰物業管理有限公司) ("**Yantai Zhongtai**") for the provision of property management services for our property projects, Redco International and Scenery Holiday in Jinan. Details of the property management services provided by Yantai Zhongtai during the Track Record Period are set forth below:

Connected Person —	Subsidiary of our Company involved	Property Project	Basis of Calculations
Yantai Zhongtai	Shandong Redco	Redco International Scenery Holiday	The property management fees payable by us were determined on the basis of (i) the management fees in respect of sales offices; and (ii) the cost of labour for the provision of cleaning, maintence and security services prior to the delivery of the relevant property.

Yantai Zhongtai Property Management Master Agreement

On 17 January 2014, our Company entered into a master property management agreement ("**Yantai Zhongtai Property Management Master Agreement**") with Yantai Zhongtai pursuant to which Yantai Zhongtai agreed to provide property management services to our Group in respect of Redco International for a term commencing on the Listing Date and expiring on 31 December 2015.

The property management fees chargeable by Yantai Zhongtai will include (i) fees payable for property management services in respect of sales office and vacant units of the properties which remain unsold; and/or (ii) cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy.

Historical transaction amounts

For the three years ended 31 December 2012 and the nine months ended 30 September 2013, the property management services provided by Yantai Zhongtai to us amounted to nil, approximately RMB251,000, RMB452,000 and RMB295,000, respectively. The increase in the property management fees paid by us in 2012 as compared with 2011 was primarily due to, among others, the establishment of sales offices in respect of Redco International as a result of its commencement of sales in the second half of 2012.

Proposed annual cap on future transaction amounts

It is expected that the transaction amount under the Yantai Zhongtai Property Management Master Agreement will not exceed RMB350,000, RMB450,000 and RMB530,000 for the three years ending 31 December 2015, respectively. The above caps were determined by our Directors with reference to (i) the management fees in respect of sales offices and vacant units which remain unsold; and/or (ii) cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy.

The decrease in the estimated annual cap for 2013 as compared with the amount incurred in 2012 is primarily due to, among others, the decrease in management fees in respect of the vacant units as a result of the delivery of the remaining storage spaces, carpark spaces and residential and commercial units of Scenery Holiday in 2012.

As a result of the expected delivery of Redco International in 2014, the cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy is expected to increase, thus there is an increase in the estimated annual cap for 2015 as compared with 2014.

The appointment of Yantai Zhongtai to provide for the above properties was determined through public tender for bidding process and the property management fees charged by Yantai Zhongtai are determined with reference to prevailing market rates.

Listing Rules implications

Yantai Zhongtai is principally engaged in property management and is held by Huang Hengzheng (黃恒政) and Huang Peng (黃鵬), both cousins of Mr. Wong and Huang Ruoqing and Zeng Huanming (曾煥明), a cousin of Huang Ruoqing's spouse. As Yantai Zhongtai is an associate of Mr. Wong and Huang Ruoqing, our controlling shareholders and thus a connected person of our Company, transactions between Yantai Zhongtai and our Group will constitute continuing connected transactions of our Company upon Listing.

As each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules in respect of the above transaction is less than 0.1% on an annual basis, the transaction contemplated under the Yantai Zhongtai Property Management Master Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Continuing connected transaction which is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements

Property Management Services provided by Jiangxi Hengfeng

Background of the transaction

During the Track Record Period, we had engaged Jiangxi Hengfeng Property Management Company Limited (江西恒豐行物業管理有限公司) ("**Jiangxi Hengfeng**") for the provision of property management services for our property projects, namely Spain Standard and Riverside International in Nanchang. Details of the property management services provided by Jiangxi Hengfeng during the Track Record Period are set forth below:

Connected Person	Subsidiary of our Company involved	Property Projects	Basis of Calculations
Jiangxi Hengfeng	Jiangxi Man Wo Jiangxi Redco Property Development	Spain Standard Riverside International	The property management fees payable by us were determined on the basis of (i) the management fees in respect of the sales offices and vacant units which remained unsold; (ii) the subsidies on management fees for the initial period before and/or after delivery of the properties; (iii) costs of labour for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property and cost of renovation for sales office; and (iv) the cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy.

Jiangxi Hengfeng Property Management Master Agreement

On 17 January 2014, our Company entered into a master property management agreement ("**Jiangxi Hengfeng Property Management Master Agreement**") with Jiangxi Hengfeng pursuant to which Jiangxi Hengfeng (for itself and on behalf of its branches in Tianjin and Xianyang) agreed to provide property management services to our Group in respect of Riverside International, Spain Standard, Bluelake County, Riverlake International, Sunshine Coast in Tianjin, Royal City and Sunshine Coast in Yantai for a term commencing on the Listing Date and expiring on 31 December 2015.

The property management fees chargeable by Jiangxi Hengfeng will include (i) the management fees in respect of the sales offices and vacant units which remain unsold; (ii) the subsidies on management fees for the initial period after delivery of the properties; (iii) costs of labor for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property; and/or (iv) cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy.

Historical transaction amounts

For the three years ended 31 December 2012 and the nine months ended 30 September 2013, the property management services provided by Jiangxi Hengfeng amounted to approximately RMB383,000, RMB1,224,000, RMB2,637,000 and RMB1,030,000, respectively. The increasing trend in the property management fees paid by us for the three years ended 31 December 2012 was primarily due to, among others, (i) the increase in the provision of cleaning, maintenance and security services prior to the completion of Phase III of Spain Standard in late 2011; (ii) the establishment of sales office in respect of Riverside International in or around May 2011; and (iii) the increase in the short term management services fees payable by us after the completion of Phase I, Phase II and Phase III of Spain Standard in the third quarter of 2010, late 2010, and late 2011, respectively.

Proposed annual cap on future transaction amounts

It is expected that the transaction amount under the Jiangxi Hengfeng Property Management Master Agreement will not exceed RMB1,900,000, RMB11,000,000 and RMB15,000,000 for the three years ending 31 December 2015, respectively. The annual caps were determined with reference to (i) the management fees in respect of sales offices and vacant units which remain unsold; (ii) the subsidies on management fees for the initial period after delivery of the properties; (iii) costs of labour for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property project; (iv) cost incurred by us as a result of provision of short term free management services to our customers as part of our sales and promotion strategy; and/or (v) the GFA of the relevant property project expected to be completed in each of the three years ending 31 December 2015.

The decrease in the estimated annual cap for 2013 as compared with the amount incurred in 2012 is primarily due to (i) the decrease in costs of labour for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property and the cost of renovation for sales office since the delivery of Phase III of Spain Standard took place in late 2011 and such costs were settled in 2012; and (ii) the decrease in the short term management services fees payable by us.

The increase in the estimated annual cap for 2014 as compared with the amount in 2013 is primarily due to (i) the amount of subsidies on management fees for the initial period after delivery of the properties and management fees in respect of sales office at an aggregate amount of approximately RMB5,000,000 and the management fees for vacant units following the completion of portion of Phase I of Sunshine Coast in Tianjin which is expected to take place in the first half of 2014; (ii) the subsidies on management fees for the initial period after delivery of the properties and the short term management services fees payable by us at an aggregate amount of approximately RMB1,200,000 and the increase in management fees of vacant units following the expected completion of Riverside International in 2014; and (iii) the total management fees in respect of the sales offices for Yantai Sunshine Coast, Royal City, Riverlake International and Bluelake County, of approximately RMB2,100,000. It is expected that vacant units of Phase I of Sunshine Coast in Tianjin for 2014 will have a GFA of approximately 7,200 sq.m. and that the vacant units of Riverside International for 2014 will have a GFA of approximately 7,600 sq.m.

The increase in the estimated annual cap for 2015 as compared with the amount in 2014 is primarily due to (i) the increase in the short term management services to be provided by us and the management fees of vacant units in 2015 following the expected completion of Phase V of Spain Standard and Royal City in the end of 2014 and 2015 and Bluelake County in 2015; (ii) the increase in the management fees in respect of sales offices in respect of Bluelake County and Riverlake International and Yantai Sunshine Coast, which are expected to be open in the third quarter of 2014; and (iii) the increase in the amount of subsidies on management fees for the initial period after delivery of the properties and short term management services fees to be provided by us and/or the management fees of vacant units in 2015 following the expected completion of portion of Phase I of Sunshine Coast in Tianjin in 2014. It is expected that that vacant units of Phase V of Spain Standard, Royal City, Riverside International and Bluelake County will have a GFA of approximately 30,000 sq.m. in aggregate for 2015 and that the vacant units of Phase I of Sunshine Coast in Tianjin for 2015 will have a GFA of approximately 18,000 sq.m..

The appointment of Jiangxi Hengfeng to provide property management service for the above properties was determined through public tender for bidding process and the property management fees charged by Jiangxi Hengfeng are determined with reference to prevailing market rates.

Listing Rules implications

Jiangxi Hengfeng is a company owned by Huang Peng, a cousin of Mr. Wong and Huang Ruoqing and Chen Yu Peng (陳毓鵬), an Independent Third Party. As Jiangxi Hengfeng is an associate of Mr. Wong and Huang Ruoqing, our controlling shareholders and thus a connected person of our Company, transactions between Jiangxi Hengfeng and our Group will constitute continuing connected transactions of our Company upon Listing.

As each of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the above transaction is more than 0.1% but less than 5% on an annual basis, the transactions under the Jiangxi Hengfeng Property Management Master Agreement will be subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Confirmation from the Directors

The Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described above have been or will be entered into on normal commercial terms that are fair and reasonable and in the interest of our Shareholders as a whole and in the ordinary and usual course of business of our Company, and the proposed annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that (i) the continuing connected transactions relating to Jiangxi Hengfeng Property Management Master Agreement for which the waiver is sought have been or will be entered into on normal commercial terms that are fair and reasonable and in the interest of our Shareholders as a whole and in the ordinary and usual course of business of our Company; and (ii) such transactions and their proposed annual caps are fair and reasonable and are in the interest of the Shareholders as a whole.

Application for a waiver

We have requested the Stock Exchange to grant, and the Stock Exchange has agreed to grant us a waiver under Rule 14A.42(3) of the Listing Rules regarding the continuing connected transactions under the Jiangxi Hengfeng Property Management Master Agreement from strict compliance with the announcement requirements under the Listing Rules. In addition, we confirm that we will comply with the applicable provisions of the Listing Rules.

FOUNDER/HONORARY CHAIRMAN

Mr. WONG Yeuk Hung (黃若虹), aged 50, is the founder of our Group and our Honorary Chairman. As our Honorary Chairman, Mr. Wong is not an officer of our Company and will not participate in meetings of our Board unless invited by our Board. Our Group will benefit from his extensive business network and experience and consult him if and when necessary.

Mr. Wong is a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第12屆全國委員會), a member of the Eleventh Fujian Province Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆福建省委員會), a vice chairman of the Hong Kong Federation of Fujian Association Ltd. (香港福建社團聯會), a vice chairman of the Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會) and a vice chairman of the Third Council of the China Association of Poverty Alleviation and Development (中國扶貧開發協會). Mr. Wong is currently pursuing his executive master of business administration degree from the University of Science and Technology of China (中國科學技術大學) in the PRC.

The table below shows certain information in respect of members of our Board and our other senior management members[1]:

DIRECTORS

Name	Age	Appointment Date as a Director	Date of joining our Group	Existing Position in our Company, Roles and Responsibilities
Executive Directors				
HUANG Ruoqing (黃若青)	45	14 July 2008	28 June 1994	Executive Director, president, a chairman of the nomination committee and a member of the remuneration committee; responsible for the daily management and operation of our Group
TANG Chengyong (唐承勇)	49	18 October 2013	15 August 2001	Executive Director and vice president; responsible for project planning and implementation of our Group
HONG Duxuan (洪篤煊)	44	18 October 2013	17 April 2003	Executive Director and vice president; responsible for the legal affairs, information technology, project investment and development of our Group

1 Save as disclosed in this table, none of our Directors and senior management is personally related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company.

Name	Age	Appointment Date as a Director	Date of joining our Group	Existing Position in our Company, Roles and Responsibilities
Independent non-executive Directors				
WONG Yau Kar, David BBS, JP (黄友嘉)	56	14 January 2014	14 January 2014	Independent non-executive Director and a member of audit committee and nomination committee; performing roles as a non-executive Director
CHAU On Ta Yuen (周安達源)	66	14 January 2014	14 January 2014	Independent non-executive Director and a member of audit committee, remuneration committee and nomination committee; performing roles as a non-executive Director
YIP Tai Him (葉棣謙)	43	14 January 2014	14 January 2014	Independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee; performing roles as a non-executive Director
CHOW Kwong Fai, Edward JP (周光暉)	61	14 January 2014	14 January 2014	Independent non-executive Director and the chairman of the audit committee; performing roles as a non-executive Director

SENIOR MANAGEMENT

Name	Age	Appointment Date as a senior management	Date of joining our Group	Existing Position in our Company, Roles and Responsibilities
XU Xiaojie (徐曉傑)	49	22 April 2013	15 April 2013	Vice president, responsible for capital investment and financing activities of our Group
CHEN Yu (陳宇)	38	11 July 2011	10 July 2011	Assistant president and the general manager of the administrative and human resources department, responsible for the financing activities and human resources management of our Group

Name	Age	Appointment Date as a senior management	Date of joining our Group	Existing Position in our Company, Roles and Responsibilities
LIANG Wanchan (梁婉嬋)	36	3 November 2010	1 November 2010	General manager of the finance department, responsible for the corporate finance and accounting of our Group
YANG Honghai (楊洪海)	37	11 July 2012	1 February 2012	General manager of the design department, responsible for the design management of our Group
LIANG Wei (梁崴)	37	11 July 2012	12 October 2011	General manager of the cost control department, responsible for the cost control of our Group

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising three executive Directors and four independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have also entered into service contracts with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

Executive Directors

Mr. HUANG Ruoqing (黃若青), aged 45, is our executive Director and the president. Mr. Huang was appointed as a Director on 14 July 2008 and re-designated as our executive Director on 14 January 2014. Mr. Huang is responsible for the day-to-day management and operation of our Group, supervising the land acquisitions and overseeing project planning and execution of our Group. Mr. Huang is currently a director of many of our subsidiaries. Mr. Huang has over 23 years of experience in the real estate industry in the PRC. Prior to joining our Group, he worked as an architecture designer, assistant architect and project manager successively in Quanzhou Construction Design Institute (泉州市建築設計院), an institution primarily engaged in industrial building design, engineering geological exploration, surveying, construction and decoration, construction engineering consulting and construction plan review from August 1990 until he joined us in May 1994. Mr. Huang received a bachelor's degree in architecture from Huaqiao University (華僑大學) in the PRC in July 1990.

Mr. TANG Chengyong (唐承勇), aged 49, is an executive Director and our vice president. Mr. Tang was appointed as a Director on 18 October 2013 and re-designated as an executive Director on 14 January 2014. He is primarily responsible for project planning of our Group as well as operation of our subsidiaries in Shandong. Mr. Tang has over 20 years of experience in the real estate industry in the PRC. Mr. Tang joined our Group as the general manager of Yantai Redco Development in August 2001, where he was responsible for the daily operation of this company. Mr. Tang was also successively appointed as the general manager of Jiangxi Man Wo, Jiangxi Redco Property Development, Redco Development (Jiangxi), Shandong Redco and vice president of Redco (China) from May 2006 and February 2012, where he was responsible for daily operation of these companies and overseeing various projects. He is also currently a director of many our subsidiaries. Prior to joining our Group, Mr. Tang was employed by Jiangsu Province Supply and Marketing Cooperative Real Estate Development Company (江蘇省供銷社房地產開發公司), a company primarily engaged in property development from March 1993 to August 2001 and his last position was deputy general manager and deputy director of department of economic development. Mr. Tang received a bachelor's degree in engineering from Shenyang Institute of Architectural Engineering (瀋陽建築工程學院) in the PRC in July 1986.

Mr. HONG Duxuan (洪篤煊), aged 44, is an executive Director and our vice president. Mr. Hong was appointed as a Director on 18 October 2013 and re-designated as an executive Director on 14 January 2014. He is primarily responsible for the legal affairs, information technology, project investment and development of our Group as well as operation of Redco (Tianjin). Mr. Hong has over 17 years of experience in handling legal affairs. Mr. Hong joined our Group as the director of the legal department of Redco (China) in April 2003, where he was responsible for the legal affairs of this company. In January 2006, he was appointed as the general manager of Jiangxi Man Wo and Redco Development (Jiangxi), where he was responsible for the property development of our Group in Jiangxi and since then he has been involved in the development of various projects including Crown International, Spain Standard and Sunshine Coast. He was also appointed as the vice president of Redco (China) in January 2013, where he has been responsible for the investment of our Group. Prior to joining our Group, he worked as a partner in Fujian Co-effort Law Firm (福建協力律師事務所)from March 1996 to April 2003. Mr. Hong received a bachelor's degree in law from the China University of Political Science and Law (中國政法大學) in the PRC in June 1993.

Independent Non-executive Directors

Dr. WONG Yau Kar, David BBS, JP（黃友嘉博士）, aged 56, was appointed as an independent non-executive Director on 14 January 2014. Dr. Wong received a Ph.D degree in Economics from the University of Chicago in August 1987 in the United States. Dr. Wong has extensive experience in direct investments and corporate finance. Dr. Wong is currently the managing director of United Overseas Investments Ltd., which primarily engages in trading and investments. Dr. Wong has recently been elected as a Hong Kong deputy to the Twelfth National People's Congress of the People's Republic of China (第十二屆全國人民代表大會). Dr. Wong has been actively participating in public services and to name a few, he is currently the chairman of the Land and Development Advisory Committee, the Protection of Wages on Insolvency Fund Board and the Societal Engagement Task Force of the Commission on Poverty. Dr. Wong is also a committee member of the Exchange Fund Advisory Committee and a council member of the Hong Kong Baptist University. In the business sector, Dr. Wong is the permanent honorary president of the Chinese Manufacturers' Association of Hong Kong, chairman of the Business & Professionals Federation of Hong Kong and deputy chairman of the Hong Kong Institute of Directors. In 2010, Dr. Wong was appointed as a Justice of Peace (JP) and in 2012, Dr. Wong was awarded a Bronze Bauhinia Star (BBS) for his valuable contribution to the society. Dr. Wong is currently an independent non-executive director or non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange:

Companies	Positions	Duration
China Juhao Health Industry Corporation Limited (中國九號健康產業有限公司) (stock code: 419)	independent non-executive director, the chairman of remuneration committee and a member of each of audit committee and nomination committee	December 2000 - present
China WindPower Group Limited (中國風電集團有限公司) (stock code: 182)	independent non-executive director, the chairman of remuneration committee and a member of audit committee and nomination committee	December 2006- present
CIAM Group Limited (事安集團有限公司) (stock code: 378)	non-executive director	July 2009 - present
ReOrient Group Limited (瑞東集團有限公司) (stock code: 376)	independent non-executive director	December 2012 - present
Shenzhen Investment Limited (深圳控股有限公司) (stock code: 604)	independent non-executive director	June 2013 - present

Mr. CHAU On Ta Yuen (周安達源), aged 66, was appointed as an independent non-executive Director on 14 January 2014. Mr. Chau received a bachelor's degree in Chinese language and literature from Xiamen University (廈門大學) in August 1968 in the PRC. Mr. Chau is currently a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, deputy officer of the Social and Legal Affairs Committee of the Chinese People's Political Consultative Conference (全國政協社會和法制委員會) and the vice chairman of the Ninth board of directors of the Hong Kong Federation of Fujian Association Ltd. Mr. Chau was also awarded the Bronze Bauhinia

Star by the government of Hong Kong Special Administrative Region in July 2010. He is currently an executive/independent non-executive director of the following companies, the shares of which are listed on the main board/GEM of the Stock Exchange:

Companies	**Positions**	**Duration**
Good Fellow Resources Holdings Limited (金威資源控股有限公司) (GEM stock code: 0109)	independent non-executive director, the chairman of nomination committee and a member of each audit committee and remuneration committee	July 2007 - present
China Ocean Shipbuilding Industry Group Limited (中海船舶重工集團有限公司) (stock code: 0651)	Executive Director and a member of nomination committee	September 2007-present
Come Sure Group (Holdings) Limited (錦勝集團(控股)有限公司) (stock code: 0794)	independent non-executive director and a member of each audit committee, remuneration committee and nomination committee	February 2009 - present
Sumpo Food Holdings Limited (森寶食品控股有限公司) (stock code: 1089)	independent non-executive director and a member of both audit committee and nomination committee	December 2010 - present

Mr. Chau is also a director of Wealthy Sea Holdings Limited (潤海集團有限公司) ("**Wealthy Sea**"), a company incorporated in Hong Kong on 28 April 1997. It is principally engaged in investment holding. On 8 September 2006, Wealthy Sea Holdings Limited was struck off and dissolved due to its failure to file annual return to the Companies Registry after 2002. On 21 June 2011, the High Court of the Hong Kong Special Administrative Region granted the order for restoration of the name of the company "Wealthy Sea Holdings Limited (潤海集團有限公司)" to the register of the Companies Registry.

Mr. YIP Tai Him (葉棣謙), aged 43, was appointed as an independent non-executive Director on 14 January 2014. Mr. Yip received a bachelor of arts (hons) degree in accountancy from the City Polytechnic of Hong Kong, now known as the City University of Hong Kong in September 1993 in Hong Kong. He has been a practising accountant in Hong Kong since 1999. Mr. Yip was admitted as a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales in September 1996 and January 2006, respectively. He has approximately 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange:

Companies	Positions	Duration
Wing Lee Holdings Limited (永利控股有限公司) (stock code: 876)	independent non-executive director, chairman of the audit committee and a member of both the remuneration committee and the nomination committee	February 2001 - present
China Communication Telecom Services Company Limited (神通電信服務有限公司) (stock code: 8206)	independent non-executive director, the chairman of the audit committee and a member of both the remuneration committee and nomination committee	October 2002 - present
Vinco Financial Group Limited (域高金融集團有限公司) (stock code: 8340)	independent non-executive director and the chairman of the audit committee	May 2008 - present
China Media and Films Holdings Limited (中國傳媒影視控股有限公司) (stock code: 8172)	independent non-executive director, the chairman of the audit committee and a member of remuneration committee	December 2008 - present
GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司) (stock code: 3800)	independent non-executive director, chairman of the audit committee and a member of the remuneration committee	March 2009 - present
iOne Holdings Limited (卓智控股有限公司) (stock code: 982)	independent non-executive director and a member of each of the audit, remuneration and nomination committees	April 2009 - present

During the past three years, he was also an independent non-executive director, the chairman of audit committee and a member of each remuneration committee and nomination committee, of Yunbo Digital Synergy Group Limited (雲博產業集團有限公司) (GEM stock code: 8050) from May 2011 to February 2012.

Mr. CHOW Kwong Fai, Edward JP (周光暉), aged 61, was appointed as an independent non-executive Director on 14 January 2014. Mr. Chow received a bachelor's degree in business studies from Middlesex University (formerly known as Middlesex Polytechnic) in the United Kingdom in 1975. Mr. Chow is a fellow and council member of The Institute of Chartered Accountants in England and Wales and a past president of the Hong Kong Institute of Certified Public Accountants (HKICPA). Before elected president, he chaired the HKICPA's Corporate Governance Committee and Professional

Accountants in Business (PAIB) Committee. He was a Deputy Chairman of The Hong Kong Institute of Directors from 2001 to 2008 and the Chairman of the PAIB Committee of the International Federation of Accountants (IFAC) from 2006 to 2008. Mr. Chow is currently a core member of the OECD/World Bank Asian Corporate Governance Roundtable, the Chairman of China Infrastructure Group, a non-executive director of the Urban Renewal Authority, a Deputy Chairman of the Business and Professionals Federation of Hong Kong, a member of the Eleventh Zhejiang Province Committee of the Chinese People's Political Consultative Conference, a member of the Election Committee of the Hong Kong Special Administrative Region and an expert advisor of the Accounting Standards Committee of the Ministry of Finance, the People's Republic of China.

He was an independent non-executive director of China Merchants Bank Co., Ltd., which is listed on the stock exchanges of Hong Kong and Shanghai, an independent non-executive director of COSCO Pacific Limited which is listed in Hong Kong, the Chairman of CIG Yangtze Ports PLC, listed in Hong Kong and an independent non-executive director of Mountain China Resorts (Holdings) Limited, listed in Toronto.

Between 1988 and 1996, he was Managing Director of a conglomerate which had companies listed on the stock exchanges of Hong Kong and Thailand. Prior to entering the commercial sector, Mr. Chow spent 11 years working for two major accounting firms, Deloitte Haskins & Sells and Price Waterhouse (as they were then known), respecitvely in London and Hong Kong. Mr. Chow was appointed as a Justice of Peace by the Chief Executive of the Hong Kong Special Adminstrative Region in July 2008. Mr. Chow was also an awardee of the Directors of the Year Award 2010 in the non-executive director of listed companies (SEHK — Hang Seng Index Constituents) category, awarded by the Hong Kong Institute of Directors.

Save as disclosed above, none of our Directors has been involved in any of the events described under Rule 13.51(2) (h) to (v) of the Listing Rules and none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Mr. XU Xiaojie (徐曉傑), aged 49, is our vice president. Mr. Xu is responsible for the capital investment and financing activities of our Group. Mr. Xu has over 20 years of experience in capital investment and financing and project management. He joined our Group as a vice president of Redco (China) in April 2013 and since then he has been responsible for the capital investment and financing activities of our Group. Prior to joining our Group, he served as the deputy general manager of Excellence Real Estate Group Limited (卓越置業集團有限公司), a company primarily engaged in property development, investment and management from March 2006 to April 2013, during which he was responsible for capital investment and corporate financing activities. From November 1990 to June 2002, Mr. Xu was the chairman and the general manager of Hainan Dian Hai Industry Development Co., Ltd.（海南滇海實業發展有限公司）, a company engaged in, among others, sales of mineral products, chemical products and building materials and he was responsible for daily operation of this company. Mr. Xu received a bachelor's degree in English from the University of International Relations of Beijing (國際關係學院) in the PRC in July 1987. He also studied in the Graduate School in Renmin University of China (中國人民大學) in the PRC, majoring in currency and banking.

Ms. CHEN Yu (陳宇), aged 38, is the assistant president and our general manager of the administrative and human resources department of our Group. Ms. Chen is responsible for the financing activities and human resources management of our Group. She has nearly eight years of experience in human resources management and four years of experience in financing management. Ms. Chen joined our Group as the assistant president of Redco (China) in July 2011, where she was responsible for the financing activities and human resources management of our Group. Prior to joining our Group, she had served as a deputy general manager of fund management department of Kaisa Group Holdings Limited (佳兆業集團控股有限公司), a company listed on the Stock Exchange (stock code: 1638), from July 2008 to July 2011, during which she was responsible for the human resources and financing activities. Ms. Chen received her master's degree in business administration from the University of Twente in Netherlands in March 2005.

Ms. LIANG Wanchan (梁婉嬋), aged 36, is our general manager of the finance department. Ms. Liang is responsible for the corporate finance and accounting of our Group. She has over 13 years of experience in corporate finance and internal auditing. Ms. Liang joined our Group as the chief financial officer of Redco (China) in November 2010 and she has been responsible for the corporate finance and accounting of our Group. Prior to joining our Group, she had served as assistant director of finance and investment management department of Hopson Development Holdings Limited (合生創展集團有限公司), a company listed on the Stock Exchange (stock code: 754), from September 2002 to October 2010, during which she was responsible for financial management of our Group. Ms. Liang received a bachelor's degree in economics from the Renmin University of China in the PRC in July 2000.

Mr. YANG Honghai (楊洪海), aged 37, is our general manager of the design department. Mr. Yang is responsible for the design management of our Group. He has over 13 years of experience in design work and design management. Mr. Yang joined our Group as a deputy general manager of design management department of Redco (China) in January 2012 and was promoted to the general manager in July 2012 and he has been responsible for the daily operation of our design management department since then. Prior to joining our Group, he had previously served as a deputy manager of design engineering department of Taihua Real Estate (China) Co., Ltd. (泰華房地產(中國)有限公司), a company primarily engaged in property development from November 2009 to January 2012, and he was responsible for daily management of the department of design and construction. From February 2004 to October 2009, he was a project manager in Shenzhen Chenshimin Architects Co., Ltd. (深圳市陳世民建築事務所有限公司), a company primarily engaged in the urban design business, where he was responsible for the primary and overall planning as well as programme design. Mr. Yang received a diploma in industrial and civil engineering from the East China Jiaotong University (華東交通大學) in the PRC in July 1998.

Mr. LIANG Wei (梁崴), aged 37, is our general manager of the cost control department. Mr. Liang is responsible for the cost control of our Group. He has over nine years of experience in accounting settlement and over six years of experience in cost management. Mr. Liang joined our Group as a deputy general manager of the cost control department of Redco (China) in October 2011 and was promoted to the general manager in July 2012, where he has been responsible for cost control of our Group. Prior to joining our Group, Mr. Liang had served as a director of cost management department of Shanghai Xinwan Investment Development Co., Ltd. (上海新灣投資發展有限公司), a subsidiary of Kaisa Group Holdings Limited (佳兆業集團), a company listed on the Stock Exchange (stock code: 1638), from February 2008 to August 2011, during which he was responsible for cost control, tender and budget management. Mr. Liang received a diploma in engineering from the Yangtze University (長江大學) in the PRC in June 2005.

Company Secretary

CHAN Hing Chau (陳慶疇) aged 34, is our company secretary and was appointed on 28 October 2013. Mr. Chan joined our Group as the general manger of finance department of Redco Holdings (Hong Kong) in March 2013. Prior to joining us, Mr. Chan was with PricewaterhouseCoopers from December 2004 to March 2013, during which he was promoted from an associate to a manager of assurance department. Mr. Chan obtained his bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University in November 2004 in Hong Kong. He was also qualified as a member of Hong Kong Institute of Certified Public Accountants in July 2008.

Board Committees

Audit Committee

We established an audit committee on 14 January 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee consists of four independent non-executive Directors, Chow Kwong Fai, Edward JP (being the chairman of the audit committee who has a professional qualification in accountancy), Yip Tai Him, Wong Yau Kar, David BBS, JP and Chau On Ta Yuen. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We established a remuneration committee on 14 January 2014 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of three members, being Yip Tai Him, Chau On Ta Yuen and Huang Ruoqing, two of whom are independent non-executive Directors. The remuneration committee is chaired by Yip Tai Him. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

Nomination Committee

We established a nomination committee on 14 January 2014 with written terms of reference. The nomination committee consists of three members, being Huang Ruoqing, Wong Yau Kar, David BBS, JP and Chau On Ta Yuen. Two of the members are our independent non-executive Directors. The nomination committee is chaired by Huang Ruoqing. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

Compensation of Employees

For the three years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013, we incurred employee costs (including Directors remuneration) of RMB15,687,000, RMB26,448,000, RMB26,479,000 and RMB21,683,000, respectively, representing 1.03%, 1.95%,1.71% and 1.01% of our revenue during those periods.

As required by PRC regulations as well as compulsory rules of the PRC local governments, we participate in various social welfare schemes including pension, medical, maternity, work-related injury insurances, unemployment insurance and housing provident fund contributions. We are required under PRC law to make contributions to these schemes based on certain percentages of the salaries, bonuses and certain allowances of our employees in accordance with the respective regulatory requirement, up to a minimum amount specified by the relevant local governments from time to time. During the Track Record Period, the total amount of contributions we made for such social welfare schemes in accordance with the relevant PRC laws for the three years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013 was approximately RMB2,177,000, RMB4,453,000, RMB6,036,000 and RMB4,368,000, respectively.

Compensation of Directors and Senior Management

Our executive Directors and senior management, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary and other short-term benefits.

None of directors or chief executive received any fees or emoluments in respect of their services to our Group during the years ended 31 December 2010, 2011, 2012 and for the nine months ended 30 September 2013.

The aggregate amount of remuneration including salaries and other short-term benefits in kind which were paid by our Group to our five highest paid individuals for the three years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013, was approximately RMB755,000, RMB1,289,000, RMB1,210,000 and RMB799,000, respectively.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ending 31 December 2014 is estimated to be no more than HK$5,220,000.

Share Option Scheme

We have adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Share Option Scheme" in Appendix VI to this prospectus.

Compliance Adviser

We have appointed Celestial Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) in relation to the publication of any regulatory announcement, circular or financial report;

(b) in relation to a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares or any other matters under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalisation Issue taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

		Shares held immediately prior to the Capitalisation Issue and Global Offering		Shares held immediately following the completion of the Capitalisation Issue and the Global Offering	
Name of Shareholder	**Nature of Interest**	**Number**	**Percentage**	**Number[1]**	**Percentage**
Global Universe[2]	Beneficial owner	60	60%	720,000,000 (L)	45%
Mr. Wong[3]	Interest in controlled corporation	60	60%	720,000,000 (L)	45%
Times International[4]	Beneficial owner	40	40%	480,000,000 (L)	30%
Huang Ruoqing	Interest in controlled corporation	40	40%	480,000,000 (L)	30%
Sze Kai Fei[5]	Interest of spouse	60	60%	720,000,000 (L)	45%
Fan Huili[6]	Interest of spouse	40	40%	480,000,000 (L)	30%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Global Universe is wholly-owned by Mr. Wong and Mr. Wong is deemed to be interested in the Shares held by Global Universe.

(3) Mr. Wong is the elder brother of Huang Ruoqing.

(4) Times International is wholly-owned by Huang Ruoqing and Huang Ruoqing is deemed to be interested in the Shares held by Times International.

(5) Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.

(6) Fan Huili is the spouse of Huang Ruoqing. By virtue of the SFO, Fan Huili is deemed to be interested in the Shares held by Huang Ruoqing.

If the Over-allotment Option is fully exercised, the beneficial interests of each of Global Universe and Times International will be approximately 43% and 29%, respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and no Shares are to be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised):

		HK$
Authorised Share capital:		
50,000,000,000	Shares of HK$0.10 each	5,000,000,000

		HK$
Issued and to be issued, fully paid or credited as fully paid:		
200	Shares in issue as at the date of this prospectus	20
1,199,999,800	Shares to be issued pursuant to the Capitalisation Issue	119,999,980
400,000,000	Shares to be issued pursuant to the Global Offering	40,000,000
1,600,000,000	Total	160,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandate granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will qualify for all dividends or other distributions declared, paid or made on the Shares after the date of this prospectus.

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK$119,999,980 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,199,999,800 Shares for allotment and issue to our Shareholders as at 14 January 2014, on a pro rata basis.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total nominal value of not more than the sum of:

(a) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and

(b) the total nominal amount of share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option granted or which may be granted under the Share Option Scheme.

This mandate will expire:

- at the conclusion of our Company's next annual general meeting; or
- at the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

Further information on this general mandate is set out in the section headed "Statutory and General Information — Further Information About Our Group — Resolutions in Writing of the Shareholders of our Company passed on 14 January 2014" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — Further Information About Our Group — Repurchase of Our Shares" in Appendix VI to this prospectus.

This mandate will expire:

- at the conclusion of our Company's next annual general meeting; or
- at the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

whichever is earliest.

Further information on this general mandate is set out in the section headed "Statutory and General Information — Further Information About Our Group — Resolutions in Writing of the Shareholders of our Company passed on 14 January 2014" in Appendix VI to this prospectus.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholder dated 14 January 2014, we conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out in the sections entitled "Statutory and General Information — Share Option Scheme" respectively in Appendix VI to this prospectus.

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our consolidated financial statements as at and for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, including the notes thereto, set out in the accountant's report included as Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions. You should read the whole of the accountant's report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set out under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang.

During the Track Record Period, we derived our revenue primarily from the sale of residential properties. In particular, we target first-time home buyers or customers with a need to upgrade their living environment. For 2010, 2011 and 2012 and the nine months ended 30 September 2013, our revenue was RMB1,528.3 million, RMB1,356.0 million, RMB1,550.9 million and RMB2,142.8 million, respectively. For the same periods, our profit for the year/period attributable to equity holders of the Company was RMB117.5 million, RMB85.4 million, RMB65.8 million and RMB270.1 million, respectively. We anticipate that we will continue to derive our revenue primarily from the sale of residential properties in the coming periods.

BASIS OF PRESENTATION

Pursuant to our Reorganisation as more fully described in the section headed "History, Reorganisation and Group Structure" in this prospectus and in "Statutory and general information" in Appendix VI to this prospectus, our Company became the holding company of the subsidiaries now comprising our Group on 29 October 2012.

The consolidated financial statements included in the accountant's report included as Appendix I to this prospectus present the financial position, results and cash flows of the companies comprising our Group as if the current group structure of our Group had been in existence since 1 January 2010, or if established or became controlled by Mr. Wong, our chairman and executive Director, after 1 January 2010, from the later of their respective dates of establishment or the dates when they became controlled by Mr. Wong.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

Economic growth, speed of urbanisation and demand for real estate properties in the PRC

The economic growth, urbanisation and rising standards of living in the PRC have been the main driving forces behind the increasing market demand for properties. The real estate industry in the PRC is significantly dependent on the PRC's overall economic growth, including the increase in the purchasing power of the consumers in the PRC and the resulting demand for properties. As we focus on residential property development in key economic cities in the PRC, we believe that China's overall economic growth and the rate of urbanisation in these cities are especially important to the continued growth of our operations. The overall economic growth in the PRC and the rate of urbanisation will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC Government. If we fail to respond to changes in market conditions in a timely manner, there may be a material adverse effect on our business, results of operations and financial condition.

The regulatory environment and measures affecting the real estate industry in the PRC

Our business and results of operations have been, and will continue to be, affected by the regulatory environment in China and by PRC governmental policies and measures on property development and related industries. In recent years, the PRC Government has implemented a series of measures with a view to controlling the growth of the PRC real estate market. The PRC Government has taken various restrictive measures to discourage speculation in the real estate market and to increase the supply of affordable residential properties. From time to time, the PRC Government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private real estate sector through regulating, among other things, land grants, pre-sale of properties, interest rates and taxation. Measures taken by the PRC Government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC Government may introduce initiatives which may affect our access to capital and the means by which we may finance our property development projects.

In recent years, in response to the rising property prices across the country, the PRC Government announced new policies and adopted new measures to curtail speculation in the real estate market and imposed more stringent requirements on property developers. The new measures include, among other things, higher minimum down payment requirements, restrictions on purchase of properties and increases in bank lending rates for mortgage financings. Since a substantial portion of our customers depend on mortgage financing to purchase our properties, regulations or measures adopted by the PRC Government that are intended to restrict the ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the cost of mortgage financing may decrease market demand for our properties and therefore have an adverse effect on our business and results of operations. In February 2013, the State Council further issued the Notice of the State Council on Continuity to Well Manage the Central Control Work of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》) to stabilise real estate prices, suppress investment purchasers, increase land supply for residential commercial properties, accelerate the planning and construction of affordable housing projects and improve market supervision and anticipation management. Various cities across China including Beijing and Shanghai have announced implementing measures with a view to controlling the PRC property market. Please refer to the section headed "Risk Factors — Risks Relating to Our Industry — Our operations are subject to extensive governmental regulations and the frequent introduction of new regulations, and we may be affected by further measures promulgated by the PRC Government to slow down the growth of the property sector" in this prospectus for more details on the risks associated with relevant PRC laws and regulations. We expect PRC regulatory policies and measures in the real estate industry to continue to impact our business and results of operations.

Our ability to identify and acquire quality land at competitive costs

Our business and results of operations depend on our ability to identify and acquire quality development land at competitive costs. We expect that competition among property developers for land that is suitable for property development will continue to intensify, which may in turn drive further increases in land prices. In addition, PRC governmental land supply policies may further intensify competition for land among PRC property developers. For example, the statutory means of public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights have contributed to increased competition for suitable land for development and, consequently, increased land acquisition costs. Such increased land acquisition costs will increase our cost of sales and have a negative impact on our gross profit margin. Furthermore, in November 2009, the PRC Government raised the minimum down payment of land premium to 50.0% and required that land premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the MLR further issued the Notice on Certain Issues on Strengthening Land Supply and Supervision of Real Estate (關於加強房地產用地供應和監管有關問題的通知). According to this notice, the lowest land grant price should not be less than 70% of the benchmark land price in which the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. These and future changes of policy may have a material adverse effect on our cash flows and our ability to acquire suitable land for our growth.

Timing and length of property development

Our results of operations tend to fluctuate from period to period. The number of property developments that a developer can undertake during any particular period is limited by the substantial amount of capital required to fund land acquisitions and to pay construction costs, as well as by the supply of land and other factors. Property development may take many months, or sometimes years, before any pre-sale takes place and even longer to complete. According to our accounting policy for revenue recognition, although the pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognised in respect of the sale of a property until its development has been completed and the property has been delivered to the purchaser. Please refer to the section headed "— Critical accounting policies — Revenue recognition" in this prospectus for more details. Since the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell. Furthermore, our interim results may not be indicative of our annual results.

Pre-sale

Pre-sale constitutes one of the important sources of our operating cash flows during our project development process. PRC laws allow us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sale proceeds to finance their development. Please refer to the section headed "Business — Our property development process — Sales and marketing" in this prospectus for further details. The amount and timing of cash inflows from pre-sale are affected by a number of factors, including the development schedule of each of our property development projects, restrictions on pre-sale imposed by the PRC Government, availability and affordability of mortgage financings for our purchasers, market demand for our properties subject to pre-sale and the number of our properties available for pre-sale. In addition, reduced cash flows from pre-sale of our properties may increase our reliance on external financing, which may increase our cost and adversely affect our ability to finance our continuing property developments.

Access to and cost of financing

Property development requires substantial capital investments for land acquisition and construction, and it may take many months or years before positive cash flows can be generated. Bank borrowings have been, and we expect will continue to be, an important source of funding for our property developments. Our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC Government, including any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of real estate developers to obtain financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs generally. Please refer to the section headed "Risk Factors — Risks relating to our business — Our profitability and results of operations are affected by changes in interest rates" in this prospectus for more details.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, our total bank borrowings amounted to RMB768.9 million, RMB1,204.4 million, RMB1,324.6 million and RMB1,123.4 million, respectively. The effect of increases in interest rates on our financing costs would not be immediately apparent due to the capitalisation of our borrowing costs in our consolidated financial statements. Upon completion of a property project and once the related properties have been delivered to buyers, the capitalised interest expenses on these properties will be recognised in the cost of sales in our consolidated statements of comprehensive income. In addition, any increases in interest rates will affect the costs of mortgage financing to potential purchasers of our properties, which in turn may affect demand for our properties.

Product mix

We derive substantially all of our revenue from sales of properties. We price our properties by taking into account various factors, including prevailing local market prices, market conditions, the types and location of the properties, and our costs of properties sold, including construction costs. Furthermore, the price of properties in different cities can vary significantly. Therefore, our results of operations and cash flows may vary from period to period depending on the types, location and total GFA of properties delivered as well as the ASPs of these properties. For example, the relatively low recognised ASP for Mix Kingdom Redco in Hefei contributed to a 11.8% decrease in recognised ASP for properties delivered for 2011 as compared with 2010, which in turn contributed to a 11.3% decrease in revenue for 2011 as compared with 2010. Please refer to the section headed "— Period to period comparison of results of operations" in this prospectus for detailed discussions on the impact of the changes in total GFA delivered, ASPs, construction costs and other factors on our results of operations.

Price volatility of construction materials

A principal component of our cost of sales is construction costs, and historically, construction materials costs have been the primary driver of our construction costs. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and cement.

Substantially all of the costs of construction materials have been accounted for as part of the contractor fees upon settlement with the relevant contractors. If the cost of construction materials increases beyond the agreed pre-determined percentage, we may be required to reimburse our contractors for any shortfall. Our profitability may suffer if we cannot pass on any resulting increases in construction costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may be unable to pass on any increases in costs to our customers if construction costs increase subsequent to such pre-sale. Please refer to the section headed "Risk Factors — Risks relating to our business — Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost of construction materials or cost of labour, which could in turn a have material adverse effect on our business, results of operations and financial condition" in this prospectus for further details.

Performance of and the terms and conditions of our arrangements with the external contractors, such as construction contractors and designers that we engage

We engage external construction contractors to provide us with construction services. We also engage external designers to provide property design services for our property development projects. While we work closely with our external contractors and monitor the quality and progress of the construction and design processes, respectively, the external contractors we choose and hire during the process can introduce a performance risk which can have an adverse effect on our results of operations. Please refer to the section headed "Risk Factors — Risks relating to our business — We rely on our external contractors for all of our construction works and if any of these contractors fail to deliver satisfactory services, our reputation, business, results of operations and financial condition may be materially and adversely affected" in this prospectus for further details.

Our construction costs have been affected by rising labour costs in the PRC in recent years, and we expect the trend to continue in the future. Increasing labour costs are reflected in the terms and conditions of our arrangements with external contractors, which may in turn have an adverse effect on our results of operations and financial condition. Please refer to the section headed "Risk Factors — Risks relating to our business — Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost of construction materials or cost of labour, which could in turn have a material adverse effect on our business, results of operations and financial condition" in this prospectus for further information.

CRITICAL ACCOUNTING POLICIES

We have identified below the accounting policies that we believe are the most critical to our consolidated financial statements. Our significant accounting policies and key assumptions concerning the future are set forth in detail in Notes 2 and 4 to the accountant's report included as Appendix I to this prospectus. These accounting policies require subjective or complex judgements by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to our consolidated financial statements. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors, including expectation of future events, that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results typically differ from these estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of our activities. Revenue is shown net of discounts, and after elimination of sales within our Group.

We recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of our activities as described below. We base our estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) **Sale of properties**

We recognise revenue from sale of properties when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are included as deferred revenue under current liabilities.

We account for revenue from the transfer of the right to use civil air defense projects in our property development projects for use as car parks as revenue from sale of properties.

(ii) **Interest income**

We recognise interest income using the effective interest method.

Properties under development for sale and completed properties for sale

We include properties under development for sale and completed properties for sale in current assets at the lower of cost and net realisable value. Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights, borrowing costs on qualifying assets and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Car parks planned for civil air defense projects are accounted for as properties under development for sale or completed properties for sale, as appropriate.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

We classify properties under development for sale as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Development costs directly attributable to property development activities

We allocate land and development costs to properties under development for sale or completed properties held for sale, as appropriate. As certain of our Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, our management make estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect our operating performance in future years. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Provision for impairment of properties held or under development for sale

Our management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in the PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect our Group's operating performance in future years. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Current taxation and deferred taxation

Our Group is subject to taxation in the PRC and Hong Kong. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the periods in which such determination are made. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these of estimates or underlying assumptions during the Track Record Period.

We recognise deferred tax assets relating to certain temporary differences and tax losses when our management consider that it is probable that future taxable profit would be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from our original estimate, such differences would impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

Land appreciation tax

Our Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes vary among various tax jurisdictions in cities of the PRC, and our Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation. Our Group recognised these land appreciation taxes based on our management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences would impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Impairment of other receivables

Our Group assess whether there is objective evidence that other receivables is impaired, such as the debtor's liquidity, solvency and business and financial risk exposures; levels of and trends in delinquencies for similar financial assets; national and local economic trends and conditions. We recognise impairment loss based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment loss required. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Estimated impairment of goodwill

We test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7 to the accountant's report included as Appendix I to this prospectus. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period.

CERTAIN KEY ITEMS AFFECTING OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue represents income recognised from sales of properties. During the Track Record Period, we generated income from developing and selling properties in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions. We expect that income from sales of properties will continue to account for substantially all of our revenue in the near future. Our revenue for any given period is dependent upon GFA delivered and the selling prices of the properties we deliver during such period. The GFA delivered for any given period is driven primarily by property development schedules. Average selling prices are primarily affected by market demand, the types and location of the properties and our costs of properties sold, including construction costs. Market demand and conditions of the PRC real estate industry change from period to period and are affected by the PRC's overall economy, including the purchasing power of consumers in the PRC and the resulting demand for properties. During the Track Record Period, our GFA delivered and ASP and therefore our revenue fluctuated from period to period depending on the types, location and size of the projects as well as the stage of our property development projects' development.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sale in accordance with PRC laws and regulations. Please refer to the section headed "Business — Property development process — Sales and marketing — Pre-sale" in this prospectus for more details. Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as receipts in advance, which is included in current liabilities. Please refer to the section headed "— Critical Accounting Policies — Revenue recognition" in this prospectus for more details.

The following table sets out a breakdown of our revenue from external customers by geographical segments and their percentage of total revenue for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2010		2011		2012		2012		2013	
	(RMB in thousands except for percentages)									
							(unaudited)			
Greater Western Taiwan Straits Economic Zone	911,262	59.6%	712,885	52.6%	765,749	49.4%	744,952	74.0%	939,329	43.84%
Bohai Economic Rim	—	—	399,232	29.4%	—	—	—	—	1,014,348	47.34%
Central and Western Regions	617,038	40.4%	243,882	18.0%	785,193	50.6%	261,577	26.0%	189,097	8.82%
Total	1,528,300	100.0%	1,355,999	100.0%	1,550,942	100.0%	1,006,529	100.0%	2,142,774	100.0%

The Greater Western Taiwan Straits Economic Zone

Our segment revenue for the Greater Western Taiwan Straits Economic Zone for 2010, 2011 and 2012 and the nine months ended 30 September 2013 was RMB911.3 million, RMB712.9 million, RMB765.7 million and RMB939.3 million, respectively.

The Bohai Economic Rim

Our segment revenue for the Bohai Economic Rim for 2011 and the nine months ended 30 September 2013 was RMB399.2 million and RMB1,014.3 million, respectively.

The Central and Western Regions

Our segment revenue for the Central and Western Regions for 2010, 2011 and 2012 and the nine months ended 30 September 2013 was RMB617.0 million, RMB243.9 million, RMB785.2 million and RMB189.1 million, respectively.

Cost of Sales

Cost of sales primarily consists of cost of properties sold, which represents costs directly associated with revenue from sales of properties recognised during the given period. During the Track Record Period, cost of properties sold included construction costs, land acquisition costs and capitalised borrowing costs. Cost of sales also included business taxes and other levies.

The following table sets out information relating to our cost of sales for the periods indicated.

	Year ended 31 December						Nine months ended 30 September			
	2010		2011		2012		2012		2013	
	(RMB in thousands except for percentages)						*(unaudited)*			
Cost of properties sold										
Construction costs	939,765	78.3%	817,380	75.2%	835,147	76.4%	526,206	77.6%	908,887	63.9%
Land acquisition costs	135,033	11.3%	149,610	13.8%	137,819	12.6%	77,622	11.4%	327,169	23.0%
Capitalised borrowing costs	40,074	3.3%	43,971	4.0%	32,796	3.0%	18,203	2.7%	66,336	4.7%
Sub-total	1,114,872	92.9%	1,010,961	93.0%	1,005,762	92.0%	622,031	91.7%	1,302,392	91.6%
Business taxes and surcharges	85,184	7.1%	75,904	7.0%	87,016	8.0%	56,366	8.3%	119,951	8.4%
Total	1,200,056	100.0%	1,086,865	100.0%	1,092,778	100.0%	678,397	100.0%	1,422,343	100.0%

The following table sets out an analysis of our cost of sales:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
GFA delivered (sq.m.)	303,215	304,831	260,660	147,798	321,604
Average cost of properties sold per sq.m. delivered (RMB)(1)	3,677	3,316	3,859	4,209	4,050
Average construction costs per sq.m. delivered (RMB)(2)	3,099	2,681	3,204	3,560	2,826
Average land acquisition costs per sq.m. delivered (RMB)(3)	445	491	529	525	1,017
Average capitalised borrowing costs per sq.m. delivered (RMB)(4)	132	144	126	123	206

(1) Average cost of properties sold per sq.m. delivered is derived by dividing cost of properties sold by GFA delivered.

(2) Average construction costs per sq.m. delivered is derived by dividing construction costs of properties sold by GFA delivered.

(3) Average land acquisition costs per sq.m. delivered is derived by dividing land acquisition costs of properties sold by GFA delivered.

(4) Average capitalised borrowing costs per sq.m. delivered is derived by dividing total capitalised borrowing by GFA delivered.

Cost of properties sold

Cost of properties sold includes construction costs, land acquisition costs and capitalised borrowing costs. We recognise the cost of properties sold for a given period to the extent that revenue from such properties has been recognised in such period. Prior to their completion, properties under development are included in our consolidated balance sheets carried at the lower of cost and net realisable value.

Construction costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and cost of construction materials. Our construction costs are affected by a number of factors such as changes in construction labour costs and construction materials costs (particularly steel and cement), location and types of properties, choice of materials, landscaping and investments in ancillary facilities.

Land acquisition costs

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, and primarily include land premiums incurred in connection with land grants from the PRC Government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. Our land acquisition costs are influenced by a number of factors, including location of property development projects, timing of acquisitions and a project's plot ratios. Land acquisition costs are also affected by our method of acquisition, whether by PRC Government-organised tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market or through the acquisition of other companies that hold land use rights. Our land acquisition costs are also subject to changes in PRC government policies and regulations.

During the Track Record period, our land acquisition costs included demolition and resettlement costs in connection with certain of the land that we acquired.

Capitalised borrowing costs

We capitalise a portion of our cost of bank borrowings (including interest expense) to the extent that such cost is directly attributable to the acquisition, construction or production of a particular property project. Fluctuations in the amount and timing of capitalisation from period to period may also affect our finance costs.

Business taxes and surcharges

Business taxes and surcharges include certain miscellaneous business and other taxes payable by us and our various operating subsidiaries in accordance with local laws and regulations in connection with our business activities. Business taxes are generally levied at 5% of revenue from our property development subsidiaries, while surcharges vary from city to city, usually ranging from 10% to 12% of business tax.

Gross Profit

Gross profit represents revenue less cost of sales.

Other Losses

Other losses primarily represent loss on disposal of property, plant and equipment.

Selling and Marketing Expenses

Selling and marketing expenses primarily include marketing and advertising fees, employee benefit expense for our selling and marketing personnel, office and travelling expense and other selling and marketing expenses. Our selling and marketing expenses in a given period are affected by the number of new property development projects launched in that period.

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	(RMB in thousands)				
				(unaudited)	
Marketing and advertising cost	18,779	28,637	42,817	29,260	27,588
Employee benefit expenses	7,318	7,920	8,213	6,355	6,486
Office and travelling expenses	252	743	1,473	1,230	192
Entertainment	30	43	57	57	—
Depreciation	457	575	—	—	—
Other selling and marketing expenses	879	3,272	1,065	766	564
	27,715	41,190	53,625	37,668	34,830

General and Administrative Expenses

General and administrative expenses primarily include employee benefit expenses for our personnel (other than our selling and marketing personnel), auditor's remuneration, office and travelling expenses, entertainment, land use and real estate tax and other miscellaneous expenses. The overall increase in our general and administrative expenses during the Track Record Period was generally consistent with the overall expansion of our scale of operations.

The following table sets forth a breakdown of our general and administrative expenses for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	(RMB in thousands)				
				(unaudited)	
Auditor's remuneration	278	507	490	313	364
Marketing and advertising cost	300	601	—	—	—
Depreciation	2,562	3,233	4,276	3,165	3,233
Office and travelling expenses	7,186	13,267	17,368	11,384	14,033
Entertainment expenses	5,535	9,287	8,228	5,848	5,160
Employee benefit expenses	8,369	18,528	18,266	13,355	15,197
Land use and real estate tax	3,222	3,660	7,206	2,761	4,016
Donation	55	315	2,105	2,095	2,070
Legal and professional fee	276	874	1,633	1,311	6,891
Other general and administrative expenses	8,542	6,803	9,214	6,915	3,545
	36,325	57,075	68,786	47,147	54,509

Impairment of Goodwill

Goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua, which holds Mix Kingdom Redco in Hefei. The goodwill resulting from such acquisition is allocated to the various phases which make up our Mix Kingdom Redco project. Impairment of goodwill is recognised when the carrying value of goodwill is in excess of its recoverable amount.

Finance Income

Finance income primarily consists of interest income from bank deposits.

Finance Costs

Finance costs primarily consist of interest expense on borrowings less interest capitalised on qualifying assets.

Share of Loss of a Joint Venture

Share of loss of a joint venture represents share of loss related to Redco Industry (Jiangxi), which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang. The hotel commenced operations in July 2011, and the losses during the Track Record Period were primarily due to initial operating expenses and were in line with our expectations.

Income Tax Expense

Our income tax expense for a given year or period primarily includes EIT and LAT. Fluctuations in our effective tax rate from period to period are primarily due to changes in our LAT rates. For 2010, 2011 and 2012 and the nine months ended 30 September 2013, our effective tax rate (calculated as income tax expense divided by profit before income tax) was 46.7%, 37.1%, 47.9% and 54.8%, respectively. As at 30 September 2013, we had paid or made provisions for paying all relevant taxes and did not have any disputes or unresolved issues with the relevant tax authorities.

Hong Kong Profits Tax

We have been subject to Hong Kong profits tax at a rate of 16.5% during the Track Record Period. No provision for Hong Kong profits tax had been made during the Track Record Period as we did not generate any assessable profits arising in Hong Kong.

EIT

Our subsidiaries are subject to EIT in China. Under the EIT Law and EIT Rules, the statutory tax rate for all of our PRC subsidiaries has been 25.0% since 1 January 2010.

LAT

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. All income from the transfer of State-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined in the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sales of commercial properties are not eligible for such exemptions. Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher end residential properties and commercial properties were generally assessed at higher appreciation values, and were therefore generally subject to higher LAT rates. On 28 December 2006, the SAT issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises《關於房地產開發企業土地增值税清算管理有關問題的通知》, which took effect on 1 February 2007. Such notice provides further clarifications to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration《土地增值税清算管理規程》effective on 1 June 2009, which further clarify the special conditions and procedures for the settlement of LAT. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set out in the relevant PRC tax laws and regulations. We prepay 1.0% to 5.0% of the sales and pre-sale proceeds each year as required by the local tax authorities in accordance with prevailing market practice which varies by locality and property type. During 2010, 2011 and 2012 and the nine months ended 30 September 2013, we incurred LAT of RMB68.7 million, RMB21.9 million, RMB57.8 million and RMB120.2 million, respectively.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets out certain items derived from our consolidated statements of comprehensive income for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
			(RMB in thousands)		
				(unaudited)	
Revenue	1,528,300	1,355,999	1,550,942	1,006,529	2,142,774
Cost of sales	(1,200,056)	(1,086,865)	(1,092,778)	(678,397)	(1,422,343)
Gross profit	328,244	269,134	458,164	328,132	720,431
Other losses	—	(2,795)	(909)	(879)	(445)
Selling and marketing expenses	(27,715)	(41,190)	(53,625)	(37,668)	(34,830)
General and administrative expenses	(36,325)	(57,075)	(68,786)	(47,147)	(54,509)
Impairment of goodwill	—	—	(12,231)	(9,399)	(25,579)
Operating profit	264,204	168,074	322,613	233,039	605,068
Finance income	3,940	2,643	3,296	2,195	5,471
Finance costs	(1,685)	(637)	(4,218)	(3,187)	(3,566)
Finance income/(costs), net	2,255	2,006	(922)	(992)	1,905
Share of loss of joint venture	(893)	(7,851)	(5,330)	(9,708)	(1,609)
Profit before income tax	265,566	162,229	316,361	222,339	605,364
Income tax expense	(123,984)	(60,268)	(151,404)	(113,795)	(331,463)
Profit for the year/period	141,582	101,961	164,957	108,544	273,901
Attributable to:					
Equity holders of the Company	117,535	85,420	65,771	32,806	270,078
Non-controlling interests	24,047	16,541	99,186	75,738	3,823
	141,582	101,961	164,957	108,544	273,901
Other comprehensive income/(loss)	9,271	24,176	(1,629)	(6,633)	21,942
Total comprehensive income for the year/period	150,853	126,137	163,328	101,911	295,843

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended 30 September 2013 Compared to Nine Months Ended 30 September 2012

Revenue

Our revenue increased by 112.9% to RMB2,142.8 million for the nine months ended 30 September 2013 from RMB1,006.5 million for the nine months ended 30 September 2012. This increase was primarily due to a 117.6% increase in our GFA delivered to 321,604 sq.m. for the nine months ended 30 September 2013 from 147,798 sq.m. for the nine months ended 30 September 2012. The increase in our GFA delivered was primarily due to the GFA delivered for Riverside International in Nanchang and Splendid the Legend in Jinan, two property development projects for which we began to recognise revenue from sales in the first nine months of 2013, partially offset by a significant decrease in the GFA delivered for Crown International in Nanchang. Our recognised ASP for properties delivered decreased slightly to RMB6,663 for the nine months ended 30 September 2013 from RMB6,810 for the nine months ended 30 September 2012. The slight decrease in our recognised ASP for properties delivered was primarily due to a significant decrease in revenue attributable to Crown International in Nanchang as a percentage of our revenue for the nine months ended 30 September 2013 as compared with the nine months ended 30 September 2012, partially offset by the significant contribution to our revenue for the nine months ended 30 September 2013 of Riverside International in Nanchang. Both Crown International and Riverside International are property development projects that we have marketed as high-end properties which have relatively high recognised ASP.

The following table sets out a breakdown of our revenue recognised from sales of properties, the GFA delivered and recognised ASP by project for the nine months ended 30 September 2012 and 2013, respectively.

Project Name	**Nine months ended 30 September**					
	2012	**2013**	**2012**	**2013**	**2012**	**2013**
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Greater Western Taiwan Straits Economic Zone						
Quanzhou:						
Switzerland Garden						
Residential	—	—	—	—	—	—
Commercial	—	—	—	—	—	—
Car parks	388	—	100	—	3,880	—
Subtotal	**388**	**—**	**100**	**—**	**3,880**	**—**

Project Name	Nine months ended 30 September					
	2012	2013	2012	2013	2012	2013
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Nanchang:						
Crown International						
Residential	595,114	15,387	71,177	1,716	8,361	8,967
Commercial	41,644	—	2,650	—	15,715	—
Car parks	62,231	7,651	8,060	1,068	7,721	7,164
Subtotal	**698,989**	**23,038**	**81,887**	**2,784**	**8,536**	**8,275**
Spain Standard						
Residential	41,708	276,234	9,251	54,132	4,509	5,103
Commercial	1,327	32,100	177	4,324	7,495	7,423
Car parks	2,540	8,233	720	2,620	3,527	3,142
Subtotal	**45,575**	**316,567**	**10,148**	**61,076**	**4,491**	**5,183**
Riverside International						
Residential	—	559,328	—	56,570	—	9,887
Commercial	—	—	—	—	—	—
Car parks	—	40,396	—	9,460	—	4,270
Subtotal	**—**	**599,724**	**—**	**66,030**	**—**	**9,083**
Bohai Economic Rim						
Jinan:						
Splendid the Legend						
Residential	—	927,968	—	146,525	—	6,333
Commercial	—	65,371	—	4,727	—	13,829
Car parks	—	21,009	—	4,857	—	4,326
Subtotal	**—**	**1,014,348**	**—**	**156,109**	**—**	**6,498**
Central and Western Regions						
Hefei:						
Mix Kingdom Redco						
Residential	204,927	114,372	48,680	26,092	4,210	4,383
Commercial	56,650	73,931	6,983	9,313	8,113	7,939
Car parks	—	—	—	—	—	—
Subtotal	**261,577**	**188,303**	**55,663**	**35,405**	**4,699**	**5,319**
Royal Village						
Residential	—	—	—	—	—	—
Commercial	—	—	—	—	—	—
Car parks	—	794	—	200	—	3,971
Subtotal	**—**	**794**	**—**	**200**	**—**	**3,971**
Total	1,006,529	2,142,774	147,798	321,604	6,810	6,663

For the nine months ended 30 September 2013, our revenue from the sale of residential properties, commercial properties and car parks was RMB1,893.3 million, RMB171.4 million and RMB78.1 million, respectively, representing 88.4%, 8.0% and 3.6%, respectively, of our revenue for the period. For the nine months ended 30 September 2012, our revenue from the sale of residential properties, commercial properties and car parks was RMB841.7 million, RMB99.6 million and RMB64.8 million, respectively, representing 83.6%, 9.9% and 6.5%, respectively, of our revenue for the period.

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone increased by 26.1% to RMB939.3 million for the nine months ended 30 September 2013 from RMB745.0 million for the nine months ended 30 September 2012. The increase was primarily attributable to (i) the GFA delivered for Riverside International in Nanchang, a property development project for which we began to recognise revenue from sales in the first nine months of 2013; and (ii) an increase in GFA delivered for Spain Standard in Nanchang, partially offset by a significant decrease in the GFA delivered for Crown International in Nanchang.

- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim amounted to RMB1,014.3 million for the nine months ended 30 September 2013 compared with nil for the nine months ended 30 September 2012. The increase was attributable to the GFA delivered for Splendid the Legend in Jinan, a property development project for which we began to recognise revenue from sales in the first nine months of 2013.

- Central and Western Regions: Our segment revenue for the Central and Western Regions decreased by 27.7% to RMB189.1 million for the nine months ended 30 September 2013 from RMB261.6 million for the nine months ended 30 September 2012. The decrease was primarily due to a decrease in the GFA delivered for Mix Kingdom Redco in Hefei.

Cost of sales

Cost of sales increased by 109.7% to RMB1,422.3 million for the nine months ended 30 September 2013 from RMB678.4 million for the nine months ended 30 September 2012. This increase was primarily due to an increase in cost of properties sold as a result of (i) a significant increase in GFA delivered to 321,604 sq.m. for the nine months ended 30 September 2013 from 147,798 sq.m. for the nine months ended 30 September 2012 and (ii) an increase in average land acquisition costs per sq.m. delivered to RMB1,017 for the nine months ended 30 September 2013 from RMB525 for the nine months ended 30 September 2012, partially offset by a decrease in average construction costs per sq.m. delivered to RMB2,826 for the nine months ended 30 September 2013 from RMB3,560 for the nine months ended 30 September 2012. The increase in average land acquisition costs per sq.m. delivered was primarily due to the relatively high land acquisition costs per sq.m. for Riverside International in Nanchang. The decrease in average construction costs per sq.m. delivered was primarily due to a significant decrease in revenue attributable to Crown International in Nanchang as a percentage of our revenue for the nine months ended 30 September 2013 as compared with the nine months ended 30 September 2012. Crown International is a project that we have marketed as high-end properties situated in Nanchang, for which we incurred relatively high average construction costs.

Gross profit

Gross profit increased by 119.6% to RMB720.4 million for the nine months ended 30 September 2013 from RMB328.1 million for the nine months ended 30 September 2012. Our gross profit margin increased to 33.6% for the nine months ended 30 September 2013 from 32.6% for the nine months ended 30 September 2012. This increase was primarily attributable to the increased gross profit margin for Spain Standard in Nanchang and the relatively high gross profit margin for Riverside International in Nanchang for the nine months ended 30 September 2013.

Other losses

Other losses represent loss on disposal of property, plant and equipment.

Selling and marketing expenses

Selling and marketing expenses decreased by 7.5% to RMB34.8 million for the nine months ended 30 September 2013 from RMB37.7 million for the nine months ended 30 September 2012. This was primarily due to a decrease in marketing and advertising fees in connection with promotion of our properties.

General and administrative expenses

General and administrative expenses increased by 15.7% to RMB54.5 million for the nine months ended 30 September 2013 from RMB47.1 million for the nine months ended 30 September 2012. This increase was primarily due to an increase in legal and professional fee, employee benefit expenses, and office and travelling expenses, partially offset by a decrease in other general and administrative expenses.

Impairment of goodwill

Impairment of goodwill increased by 172.3% to RMB25.6 million for the nine months ended 30 September 2013 from RMB9.4 million for the nine months ended 30 September 2012. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua, which holds Mix Kingdom Redco in Hefei.

Operating profit

As a result of the above, our operating profit increased by 159.7% to RMB605.1 million for the nine months ended 30 September 2013 from RMB233.0 million for the nine months ended 30 September 2012.

Finance income

Finance income increased by 149.2% to RMB5.5 million for the nine months ended 30 September 2013 from RMB2.2 million for the nine months ended 30 September 2012. This increase was primarily attributable to an increase in interest income from bank deposits due to an increase in bank deposits.

Finance costs

Finance costs increased by 11.9% to RMB3.6 million for the nine months ended 30 September 2013 from RMB3.2 million for the nine months ended 30 September 2012.

Share of loss of a joint venture

Share of loss of a joint venture decreased by 83.4% to RMB1.6 million for the nine months ended 30 September 2013 from RMB9.7 million for the nine months ended 30 September 2012. The decrease was primarily due to the decrease in share of loss related to Redco Industry (Jiangxi), which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as a result of the improved performance of its hotel operations.

Profit before income tax

As a result of the above factors, profit before income tax increased by 172.3% to RMB605.4 million for the nine months ended 30 September 2013 from RMB222.3 million for the nine months ended 30 September 2012.

Income tax expense

Income tax expense increased by 191.3% to RMB331.5 million for the nine months ended 30 September 2013 from RMB113.8 million for the nine months ended 30 September 2012. The increase was primarily due to an increase in EIT as a result of increased revenue, an increase in LAT as a result of the higher gross profit margin and tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries. The increase in the effective tax rate to 55% for the nine months ended 30 September 2013 from 51% for the nine months ended 30 September 2012 was primarily attributable to the increase in LAT provision and LAT paid to RMB120.2 million for the nine months ended 30 September 2013 from RMB45.9 million for the nine months ended 30 September 2012, which was due to the relatively higher gross profit achieved for Spain Standard and Riverside International in Nanchang in the nine months ended 30 September 2013.

Profit for the period

As a result of the above, profit for the period increased by 152.3% to RMB273.9 million for the nine months ended 30 September 2013 from RMB108.5 million for the nine months ended 30 September 2012.

Profit for the period attributable to the equity holders of the Company

As a result of the above factors, profit for the period attributable to equity holders of the Company increased by 723.5% to RMB270.1 million for the nine months ended 30 September 2013 from RMB32.8 million for the nine months ended 30 September 2012. Profit attributable to non-controlling interests decreased by 95.0% to RMB3.8 million for the nine months ended September 2013 from RMB75.7 million for the nine months ended 30 September 2012 as we achieved a significant portion of our profit for the nine months ended 30 September 2013 from the GFA delivered for Riverside International in Nanchang, in which we hold a 100.0% equity interest, whereas for the nine months ended 30 September 2012, we distributed 50.0% of our profit from GFA delivered for Crown International in Nanchang to non-controlling interests. Crown International in Nanchang contributed more than 50.0% of our revenue for the nine months ended 30 September 2012.

2012 Compared to 2011

Revenue

Our revenue increased by 14.4% to RMB1,550.9 million for 2012 from RMB1,356.0 million for 2011. This increase was primarily due to a 33.8% increase in our recognised ASP for properties delivered to RMB5,950 for 2012 from RMB4,448 for 2011, partially offset by a 14.5% decrease in our GFA delivered to 260,660 sq.m. for 2012 from 304,830 sq.m. for 2011.

The increase in our recognised ASP for properties delivered for 2012 was primarily due to: (i) a 53.6% increase in our recognised ASP for residential properties of Mix Kingdom Redco in Hefei to RMB4,437 in 2012 from RMB2,889 in 2011; and (ii) a significant increase in recognised sales of properties in Crown International in Nanchang, which had a recognised ASP for residential properties of RMB8,362 in 2012, significantly higher than the overall recognised ASP of RMB4,448 for our properties delivered in 2011 as well as the overall recognised ASP of RMB5,956 for our properties delivered in 2012. The decrease in our GFA delivered was primarily due to a decrease in the GFA delivered for Spain Standard in Nanchang and no sales of properties for Scenery Holiday in Jinan being recognised in 2012, partially offset by an increase in the GFA delivered for Mix Kingdom Redco in Hefei and Crown International in Nanchang.

In January 2011, we acquired Mix Kingdom Redco in Hefei. At the time of the acquisition, certain phases of the project had been completed, while a portion of the properties of the project had been pre-sold at a relatively low average selling price. All revenue recognised in 2011 for Mix Kingdom Redco was attributable to the delivery of properties in 2011 that had been pre-sold by the previous project owner. Following the acquisition of Mix Kingdom Redco in Hefei, we made improvements in terms of the design of the properties yet to be completed and expanded our marketing and promotion efforts, which enabled us to sell the relevant properties at higher prices as reflected in the significant increase in the recognised ASP of residential properties of Mix Kingdom Redco in Hefei from RMB2,889 in 2011 to RMB4,437 in 2012.

The following table sets out a breakdown of our revenue recognised from sales of properties, the GFA delivered and recognised ASP for each listed project for 2011 and 2012, respectively:

Project Name	Year ended 31 December					
	2011	2012	2011	2012	2011	2012
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Greater Western Taiwan Straits Economic Zone						
Quanzhou:						
Switzerland Garden						
Residential	23,752	—	3,456	—	6,873	—
Commercial	—	—	—	—	—	—
Car parks	1,182	388	132	100	8,955	3,880
Subtotal	**24,934**	**388**	**3,588**	**100**	**6,949**	**3,880**
Nanchang:						
Crown International						
Residential	111,509	597,940	10,071	71,508	11,072	8,362
Commercial	—	41,642	—	2,650	—	15,714
Car parks	—	64,685	—	8,360	—	7,737
Subtotal	**111,509**	**704,267**	**10,071**	**82,518**	**11,072**	**8,535**
Spain Standard						
Residential	559,354	53,440	143,572	10,048	3,896	5,318
Commercial	15,539	2,820	2,012	418	7,723	6,746
Car parks	1,549	4,834	460	1,360	3,367	3,554
Subtotal	**576,442**	**61,094**	**146,044**	**11,826**	**3,947**	**5,166**
Bohai Economic Rim						
Jinan:						
Scenery Holiday						
Residential	377,332	—	70,584	—	5,346	—
Commercial	2,870	—	206	—	13,932	—
Car parks	19,030	—	6,525	—	2,916	—
Subtotal	**399,232**	**—**	**77,315**	**—**	**5,164**	**—**
Central and Western Regions						
Hefei:						
Mix Kingdom Redco						
Residential	151,998	692,899	52,612	156,156	2,889	4,437
Commercial	32,143	92,294	3,814	10,060	8,428	9,174
Car parks	—	—	—	—	—	—
Subtotal	**184,141**	**785,193**	**56,426**	**166,216**	**3,263**	**4,724**

Project Name	Year ended 31 December					
	2011	2012	2011	2012	2011	2012
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Royal Village						
Residential	18,960	—	5,400	—	3,511	—
Commercial	37,234	—	5,431	—	6,856	—
Car parks	3,547	—	555	—	6,391	—
Subtotal	**59,741**	**—**	**11,386**	**—**	**5,247**	**—**
Total	1,355,999	1,550,942	304,830	260,660	4,448	5,950

For 2012, our revenue from the sale of residential properties, commercial properties and car parks was RMB1,344.3 million, RMB136.8 million and RMB69.9 million, respectively, representing 86.7%, 8.8% and 4.5%, respectively, of our revenue for the year. For 2011, our revenue from the sale of residential properties, commercial properties and car parks was RMB1,242.9 million, RMB87.8 million and RMB25.3 million, respectively, representing 91.6%, 6.5% and 1.9%, respectively, of our revenue for the year.

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone increased by 7.4% to RMB765.8 million for 2012 from RMB712.9 million for 2011. The increase was primarily attributable to an increase in the GFA delivered for Crown International in Nanchang, partially offset by a decrease in the GFA delivered for Spain Standard in Nanchang and Switzerland Garden in Quanzhou.

- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim was nil in 2012 compared with RMB399.2 million for 2011. This was because no segment sales of properties were recognised in the Bohai Economic Rim in 2012.

- Central and Western Regions: Our segment revenue for the Central and Western Regions increased by 221.9% to RMB785.2 million for 2012 from RMB243.9 million for 2011. The increase was primarily attributable to an increase in the GFA delivered and the recognised ASP for Mix Kingdom Redco in Hefei.

Cost of sales

Cost of sales increased by 0.5% to RMB1,092.8 million for 2012 from RMB1,086.9 million for 2011. This increase was primarily due to an increase in our cost of properties sold mainly attributable to an increase in average construction costs per sq.m. delivered, to RMB3,204 in 2012 from RMB2,681 in 2011, partially offset by a decrease in GFA delivered to 260,660 sq.m. in 2012 from 304,830 sq.m. in 2011.

Gross profit

Gross profit increased by 70.3% to RMB458.2 million for 2012 from RMB269.1 million for 2011. Our gross profit margin increased to 29.5% for 2012 from 19.8% for 2011. The increase in our gross profit margin was primarily due to significantly higher gross profit margin for Mix Kingdom Redco in Hefei in 2012 than 2011. Please refer to the section headed "— Period to period comparison of results of operations — 2012 compared to 2011 — Revenue" in this prospectus for reasons for the increase in the gross profit margin of Mix Kingdom Redco in Hefei.

Other losses

Other losses represent loss of disposal of property, plant and equipment.

Selling and marketing expenses

Selling and marketing expenses increased by 30.1% to RMB53.6 million for 2012 from RMB41.2 million for 2011. This increase was primarily due to increase in marketing and advertising fees as the number of our property development projects increased.

General and administrative expenses

General and administrative expenses increased by 20.5% to RMB68.8 million for 2012 from RMB57.1 million for 2011. This increase was primarily due to (i) an increase in office and travelling expenses primarily due to the relocation of our headquarters from Quanzhou to Shenzhen and an increase in the number of our property development projects, and (ii) an increase in land use and real estate tax in connection with one of our property development projects.

Impairment of goodwill

Impairment of goodwill was RMB12.2 million in 2012 compared to nil in 2011. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua, which holds Mix Kingdom Redco in Hefei.

Operating profit

As a result of the above, operating profit increased by 91.9% to RMB322.6 million for 2012 from RMB168.1 million for 2011.

Finance income

Finance income increased by 26.9% to RMB3.3 million for 2012 from RMB2.6 million for 2011. This increase in finance income was primarily attributable to an increase in interests received from bank deposits.

Finance costs

Finance costs increased by 600.0% to RMB4.2 million for 2012 from RMB0.6 million for 2011. This increase in finance costs was primarily attributable to an increase in borrowings due to increased working capital needs for new construction projects.

Share of loss of a joint venture

Share of loss of a joint venture decreased by 32.9% to RMB5.3 million for 2012 from RMB7.9 million for 2011. This decrease was primarily attributable to a decrease in the loss of Redco Industry (Jiangxi) for 2012 after Crowne Plaza Nanchang Riverside Hotel in Nanchang became fully operational in July 2011.

Profit before income tax

As a result of the above, profit before income tax increased by 95.1% to RMB316.4 million for 2012 from RMB162.2 million for 2011.

Income tax expense

Income tax expense increased by 151.1% to RMB151.4 million for 2012 from RMB60.3 million for 2011. The increase was primarily due to an increase in EIT as a result of increased revenue, an increase in LAT as a result of the higher gross profit margin and tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries. The increase in the effective tax rate to 48% for 2012 from 37% for 2011 was primarily attributable to the increase in the LAT provision and LAT paid in 2012 as a result of an increase in the gross profit achieved from the sales of our property development projects in 2012 as compared with 2011.

Profit for the year

As a result of the above, profit for the year increased by 61.8% to RMB165.0 million for 2012 from RMB102.0 million for 2011.

Profit attributable to equity holders of the Company

Profit attributable to our equity owners decreased by 23.0% to RMB65.8 million for 2012 from RMB85.4 million for 2011. Profit attributable to non-controlling interests increased by 501.2% from RMB16.5 million for 2011 to RMB99.2 million for 2012, as we distributed 50.0% of our profit from GFA delivered for Crown International in Nanchang to non-controlling interests. Crown International in Nanchang contributed a significantly larger percentage of our revenue for 2012 than 2011.

2011 compared to 2010

Revenue

Our revenue decreased by 11.3% to RMB1,356.0 million for 2011 from RMB1,528.3 million for 2010. This decrease was primarily due to a decrease in our recognised ASP for properties delivered in 2011 and a decrease in our GFA delivered for residential properties to 285,695 sq.m. in 2011 from 294,076 sq.m. in 2010. Our recognised ASP for properties delivered decreased by 11.8% from RMB5,040 for 2010 to RMB4,448 for 2011. The decrease in our recognised ASP for properties delivered for 2011 was primarily due to recognition of sales from Mix Kingdom Redco in Hefei in 2011, which had a recognised ASP for residential properties of RMB2,889, significantly lower than the recognised ASP of RMB4,846 of the residential properties delivered in 2010. All revenue recognised in 2011 for Mix Kingdom Redco in Hefei was attributable to the delivery of properties in 2011 that had been pre-sold by the previous project owner. Please refer to the section headed "— Period to period comparison of results of operations — 2012 compared to 2011 — Revenue" in this prospectus for further details.

The following table sets out a breakdown of our revenue recognised from sales of properties, the GFA/units of car parks delivered and recognised ASP for each listed project for 2010 and 2011, respectively:

Project	**Year ended 31 December**					
	2010	**2011**	**2010**	**2011**	**2010**	**2011**
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Greater Western Taiwan Straits Economic Zone						
Quanzhou:						
Switzerland Garden						
Residential	84,880	23,752	13,841	3,456	6,133	6,873
Commercial	10,834	—	616	—	17,588	—
Car parks	2,079	1,182	192	132	10,828	8,955
Subtotal	**97,793**	**24,934**	**14,649**	**3,588**	**6,676**	**6,949**
Nanchang:						
Crown International						
Residential	377,487	111,509	51,120	10,071	7,384	11,072
Commercial	—	—	—	—	—	—
Car parks	—	—	—	—	—	—
Subtotal	**377,487**	**111,509**	**51,120**	**10,071**	**7,384**	**11,072**
Spain Standard						
Residential	418,602	559,354	133,742	143,572	3,130	3,896
Commercial	17,380	15,539	2,430	2,012	7,152	7,723
Car parks	—	1,549	—	460	—	3,367
Subtotal	**435,982**	**576,442**	**136,172**	**146,044**	**3,202**	**3,947**

Project	Year ended 31 December					
	2010	2011	2010	2011	2010	2011
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Bohai Economic Rim						
Jinan:						
Scenery Holiday						
Residential	—	377,332	—	70,584	—	5,346
Commercial	—	2,870	—	206	—	13,932
Car parks	—	19,030	—	6,525	—	2,916
Subtotal	**—**	**399,232**	**—**	**77,315**	**—**	**5,164**
Central and Western Regions						
Hefei:						
Mix Kingdom Redco						
Residential	—	151,998	—	52,612	—	2,889
Commercial	—	32,143	—	3,814	—	8,428
Car parks	—	—	—	—	—	—
Subtotal	**—**	**184,141**	**—**	**56,426**	**—**	**3,263**
Royal Village						
Residential	542,344	18,960	94,962	5,400	5,711	3,511
Commercial	62,617	37,234	3,983	5,431	15,721	6,856
Car parks	8,376	3,547	1,845	555	4,540	6,391
Subtotal	**613,337**	**59,741**	**100,790**	**11,386**	**6,085**	**5,247**
Berlin Spring						
Residential	1,692	—	411	—	4,117	—
Commercial	2,009	—	73	—	27,521	—
Car parks	—	—	—	—	—	—
Subtotal	**3,701**	**—**	**484**	**—**	**7,647**	**—**
Total	1,528,300	1,355,999	303,215	304,830	5,040	4,448

For 2011, our revenue from the sale of residential properties, commercial properties and car parks was RMB1,242.9 million, RMB87.8 million and RMB25.3 million, respectively, representing 91.6%, 6.5% and 1.9%, respectively, of our revenue for the year. For 2010, our revenue from the sale of residential properties, commercial properties and car parks was RMB1425.0 million, RMB92.8 million and RMB10.5 million, respectively, representing 93.2%, 6.1% and 0.7%, respectively, of our revenue for the year.

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone decreased by 21.8% to RMB712.9 million for 2011 from RMB911.3 million for 2010. The decrease was primarily due to a decrease in the GFA delivered for Switzerland Garden in Quanzhou and Crown International in Nanchang, partially offset by an increase in the GFA delivered for Spain Standard in Nanchang.

- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim amounted to RMB399.2 million in 2011 compared to nil for 2010. This was because no sales of properties were recognised in the Bohai Economic Rim in 2010.

- Central and Western Regions: Our segment revenue for the Central and Western Regions decreased by 60.5% to RMB243.9 million for 2011 from RMB617.0 million for 2010. The decrease was primarily due to a decrease in the GFA delivered as well as a decrease in the recognised ASP for residential properties for Royal Village in Hefei as a significant portion of the more expensive units for the project were delivered in 2010, partially offset by an increase in the GFA delivered for Mix Kingdom Redco in Hefei.

Cost of sales

Cost of sales decreased by 9.4% to RMB1,086.9 million for 2011 from RMB1,200.1 million for 2010. This decrease was primarily due to (i) a decrease in average construction costs per sq.m. delivered to RMB2,681 in 2011 from RMB3,099 in 2010 and (ii) a decrease in the total GFA delivered for residential properties to 285,695 sq.m. in 2011 from 294,076 sq.m. in 2010.

Gross profit

Gross profit decreased by 18.0% to RMB269.1 million for 2011 from RMB328.2 million for 2010. Our gross profit margin decreased to 19.8% for 2011 from 21.5% for 2010. This decrease in our gross profit margin was primarily due to the significantly lower gross profit margin for our properties in Scenery Holiday in Jinan and Mix Kingdom Redco in Hefei as compared with the overall gross profit margin for our properties delivered in 2011. The low gross profit margin for Scenery Holiday in Jinan was primarily due to (i) its relatively high land acquisition costs per sq.m. as compared with our other projects for which we recognised revenue in 2011 and (ii) its relatively low recognised ASP, which was generally in line with the-then prevailing market prices in Jinan. Please refer to the section headed "Industry Overview — Overview of the real estate market of the PRC — The real estate markets of selected cities in the PRC" for further details of the real estate market in Jinan. We decided to acquire the land despite the relatively high land acquisition costs as Scenery Holiday was our first property development project in Jinan, one of our strategically targeted cities, and we viewed such costs as necessary in order for us to expand into Jinan at the time. Subsequently, we had engaged in other property development projects in Jinan. For reasons for the lower gross profit margin for our properties in Mix Kingdom Redco in Hefei in 2011, please refer to the section headed "— Period to period comparison of results of operations — 2012 compared to 2011 — Revenue" in this prospectus.

Other losses

Other losses amounted to RMB2.8 million for 2011, which represented loss on disposal of property, plant and equipment. Other losses was nil for 2010.

Selling and marketing expenses

Selling and marketing expenses increased by 48.7% to RMB41.2 million for 2011 from RMB27.7 million for 2010. This increase was primarily attributable to increases in marketing and advertising fees as we launched more property development projects for pre-sale with increased sales and marketing efforts.

General and administrative expenses

General and administrative expenses increased by 57.3% to RMB57.1 million for 2011 from RMB36.3 million for 2010. This increase was primarily due to an increase in employee benefit expenses as a result of increases in the number of our employees and salary levels, office and travelling expenses and entertainment expenses in relation to our new property development projects.

Operating profit

As a result of the above, operating profit decreased by 36.4% to RMB168.1 million for 2011 from RMB264.2 million for 2010.

Finance income

Finance income decreased by 33.3% to RMB2.6 million for 2011 from RMB3.9 million for 2010. This decrease in finance income was primarily attributable to a decrease in interests received from bank deposits due to a decrease in bank deposits.

Finance costs

Finance costs decreased by 64.7% to RMB0.6 million for 2011 from RMB1.7 million for the financial year for 2010. This decrease in finance costs was primarily attributable was due to a 122.4% increase in interest capitalised on qualifying assets to RMB54.7 million for 2011, partially offset by a 111.5% increase in interest expense on borrowings wholly repayable within five years to RMB55.2 million for 2011 from RMB26.1 million for 2010.

Share of loss of a joint venture

Share of loss of a joint venture increased by 777.8% to RMB7.9 million for 2011 from RMB0.9 million for 2010. This increase was primarily attributable to the loss of Redco Industry (Jiangxi), the holding company of Crowne Plaza Nanchang Riverside Hotel in Nanchang, as substantial construction works for the hotel was under progress during the first half of 2011.

Profit before income tax

As a result of the above, profit before income tax decreased by 38.9% to RMB162.2 million for 2011 from RMB265.6 million for 2010.

Income tax expense

Income tax expense decreased by 51.4% to RMB60.3 million for 2011 from RMB124.0 million for 2010. This decrease was primarily due to a decrease in profit before income tax. The decrease in the effective tax rate to 37% for 2011 from 47% for 2010 was primarily due to the decrease in the LAT provision and LAT paid in 2011 as a result of (i) the overall decrease in the sales volume of property development projects with relatively higher gross profit and (ii) the relatively low gross profit achieved from the sales of car parks and storage spaces in certain of our property development projects.

Profit for the year

As a result of the above, profit for the year decreased by 28.0% to RMB102.0 million for 2011 from RMB141.6 million for 2010.

Profit attributable to equity holders of the Company

Profit attributable to our equity holders decreased by 27.3% to RMB85.4 million for 2011 from RMB117.5 million for 2010.

SUMMARY CONSOLIDATED BALANCE SHEETS

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Non-Current Assets				
Property, plant and equipment	9,419	12,983	12,768	11,461
Goodwill	—	133,301	121,070	95,491
Investment in a joint venture	94,568	180,488	175,158	173,549
Prepayment for acquisition of a subsidiary	250,000	—	—	—
Deferred income tax assets	3,832	12,759	29,884	22,254
	357,819	339,531	338,880	302,755
Current Assets				
Completed properties held for sale	619,239	787,682	301,671	608,600
Properties under development for sale	1,717,919	2,435,106	3,386,810	3,565,007
Other receivables, deposits and prepayments	362,259	506,276	552,515	626,056
Financial assets at fair value through profit and loss	—	—	—	74,430
Income tax recoverable	46,371	68,079	97,085	103,942
Amounts due from shareholders and directors	—	84,251	—	—
Amounts due from related parties	83,292	100,469	90,065	81,489
Amounts due from non-controlling interests	135,615	215,615	267,812	191,812
Term deposits with initial terms of over three months	—	—	—	46,000
Restricted cash	92,782	90,929	202,850	145,921
Cash and cash equivalents	364,665	228,621	703,697	965,058
	3,422,142	4,517,028	5,602,505	6,408,315
Current liabilities				
Trade and other payables	709,120	949,080	676,677	1,002,298
Bank borrowings	248,568	322,442	478,558	328,441
Amounts due to shareholders and directors	366,123	—	161,416	93,753
Amounts due to non-controlling interests	50,272	19,933	46,710	65,217
Amount due to a related party	1,094	1,094	1,094	1,094
Receipts in advance	1,305,238	1,861,562	2,718,379	2,960,543
Income tax liabilities	80,198	103,155	116,634	238,794
	2,760,613	3,257,266	4,199,468	4,690,140
Non-current liabilities				
Bank borrowings, secured	520,300	881,960	846,000	795,000
Deferred income tax liabilities	—	52,733	61,989	96,159
	520,300	934,693	907,989	891,159
Total equity	499,048	664,600	833,928	1,129,771

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Capital and reserves attributable to the Company's equity holders	372,333	482,195	546,258	838,135
Non-controlling interests	126,715	182,405	287,670	291,636
	499,048	664,600	833,928	1,129,771

Completed Properties Held for Sale

The value of our completed properties held for sale was RMB619.2 million, RMB787.7 million, RMB301.7 million and RMB608.6 million as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. Completed properties held for sale were completed development properties that had not been contracted for sales or completed development properties that had been contracted for sales but had not been delivered to purchasers. The value of our completed properties held for sale as at 31 December 2012 decreased notably as compared to 31 December 2011 due to the delivery of completed properties for Crown International in Nanchang. The value of our completed properties held for sale as at 30 September 2013 increased as compared to 31 December 2012 primarily due to the completion of construction of Riverside International in Nanchang and Splendid the Legend in Jinan.

Properties under Development for Sale

The value of our properties under development for sale was RMB1,717.9 million, RMB2,435.1 million, RMB3,386.8 million and RMB3,565.0 million as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. The increase in the value of our properties under development for sale from 31 December 2010 to 30 September 2013 was primarily due to the expansion of our property development activities resulting in an increase in properties under construction.

Other Receivables, Deposits and Prepayments

We had total other receivables, deposits and prepayments in the amount of RMB362.3 million, RMB506.3 million, RMB552.5 million and RMB626.1 million as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. Our other receivables and deposits primarily consisted of deposits made to various local real estate associations as required by local policies, in particular, deposits with Jinan Real Estate Association (濟南市房地產業協會) in connection with the issue of pre-sale permits as required by the relevant local regulations in respect of our property development projects. Our prepayments primarily consisted of certain business tax and surcharges and prepayments made to our contractors with respect to certain construction costs. Our other receivables, deposits and prepayments increased by 39.8% to RMB506.3 million at 31 December 2011 from RMB362.3 million as at 31 December 2010 primarily due to increased deposits with local real estate associations related to pre-sale of properties and increased prepayment for construction costs. Our other receivables, deposits and prepayments increased by 9.1% to RMB552.5 million as at 31 December 2012 primarily due to prepayment for land use rights and increased deposits with local real estate associations related to pre-sale of properties. Our other receivables, deposits and prepayments further increased by 13.3% to RMB626.1 million as at 30 September 2013 primarily due to increased deposits with local real estate associations related to pre-sale of properties and increased prepaid business tax and surcharges.

The table below sets out a breakdown of our other receivables, deposits and prepayments as at the dates indicated:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Non-current assets:				
Prepayment for acquisition of a subsidiary	250,000	—	—	—
Current assets:				
Other receivables	28,560	79,717	97,625	76,383
Deposits with local real estate associations	73,624	86,796	130,793	193,035
Deposits with labour department	5,787	4,633	4,916	3,500
Deposits with treasury bureau	7,323	5,635	4,049	3,786
Prepaid business tax and surcharges	94,154	127,739	167,324	215,435
Prepayment for construction costs	152,811	201,756	67,808	60,055
Prepayment for land use rights	—	—	80,000	73,862
	362,259	506,276	552,515	626,056

The prepayment for acquisition of a subsidiary in the amount of RMB250.0 million as at 31 December 2010 represented prepayment made in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua, which holds Mix Kingdom Redco in Hefei.

Trade and Other Payables

We had trade and other payables in the amount of RMB709.1 million, RMB949.1 million, RMB676.7 million and RMB1,002.3 million as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. Our trade payables generally consisted of construction costs payable. Our accrual and other payables primarily represented land use and real estate tax and business tax. The fluctuations in our trade and other payables during the Track Record Period were generally in line with the timing of the completion of our property development projects. The table below sets out a breakdown of our accounts payable and accrued charges as at the dates indicated:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Trade payables	638,474	849,049	563,871	814,587
Accruals and other payables	70,646	100,031	112,806	187,711
	709,120	949,080	676,677	1,002,298

Set out below is an aging analysis of our trade payables based on invoice date as at the dates indicated:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
0 — 30 days	628,270	838,714	550,676	796,154
31 — 60 days	2,766	3,143	3,398	3,414
61 — 90 days	3,819	1,275	2,728	6,923
Over 90 days	3,619	5,917	7,069	8,096
	638,474	849,049	563,871	814,587

As at 30 November 2013, we had paid approximately RMB302.3 million of our trade payables as at 30 September 2013.

Receipts in Advance

We commence the sales of our properties and collection of proceeds from customers before the properties are completed for delivery. Such proceeds from customers are recoded as receipts in advance before the relevant sales are recognised as revenue. Receipts in advance are non-interest-bearing. As at 31 December 2010, 2011 and 2012 and 30 September 2013, we had receipts in advance of RMB1,305.2 million, RMB1,861.6 million, RMB2,718.4 million and RMB2,960.5 million, respectively.

Financial Assets at Fair Value through Profit and Loss

From time to time, we place our idle cash in short-term, principal-guaranteed, interest-bearing deposits with reputable banks in China with a term ranging from seven to 21 days, so as to ensure maximum flexibility for our cash operations. As at 30 September 2013, we had financial assets at fair value through profit and loss of RMB74.4 million, representing such short-term, principal-guaranteed, interest-bearing deposits with reputable banks in the PRC. In October 2013, we disposed of these financial assets to meet working capital requirements.

Amounts due from/to Related Parties

As at 31 December 2010, 2011, 2012 and 30 September 2013, we had amounts due from related parties of RMB83.3 million, RMB100.5 million, RMB90.1 million and RMB81.5 million, respectively. As at 31 December 2010, 2011, 2012 and 30 September 2013, we had amount due from Hefei Redco Asset Operation, a company owned by Huang Ruoqing, one of our controlling shareholders, of RMB16.2 million, RMB33.6 million, RMB21.6 million and RMB13.0 million, respectively. Save for certain amount related to the sale of our properties to Hefei Redco Asset Operation in 2011, such amount was non-trade in nature and was advanced from our Group to Hefei Redco Asset Operation to support its business operations. Please refer to the section headed "— Related party transaction" in this prospectus for further details on the sale of properties to Hefei Redco Asset Operation. As at 31 December 2010, 2011, 2012 and 30 September 2013, we had amount due from Fujian Hui Gao, a company owned by Huang Ruoqing, one of our controlling shareholders, of RMB67.1 million, RMB66.9 million, RMB68.5 million and RMB68.5 million, respectively. Such amount was non-trade in nature and was advanced from our Group to Fujian Hui Gao to support its operations. All the non-trade amounts due from related parties are lending and borrowing between our PRC subsidiaries and PRC enterprises.

As advised by our PRC Legal Adviser, the above lending and borrowing between our PRC subsidiaries and PRC enterprises is not in compliance with the General Provisions on Loan (貸款通則) as promulgated by the PBOC, which prohibits financing business involving lending or borrowing, or lending and borrowing in a disguised form, between enterprises in violation of state provisions. According to the General Provisions on Loan, the PBOC may (i) impose on the lender a fine equivalent to one to five times of its illegal income derived from such loan transaction; and (ii) suppress such activity. As advised by our PRC Legal Adviser, as we confirm all such non-trade amounts due from related parties were non-interest bearing inter-enterprise loans and we have not derived any illegal income from such activities, such loans will not result in us incurring the aforesaid fine under the General Provisions on Loan. Furthermore, according to The Reply of the Supreme People's Court on How to Deal with the Borrower of Inter-enterprise Loan Contract Delaying Repayment (No. 15 [1996] of the Supreme People's Court) (《最高人民法院關於對企業借貸合同借款方逾期不歸還借款的應如何處理的批覆》(法覆[1996]15號)), PRC courts tend to protect the repayment of the principal of inter-enterprise loan. All such amounts due from related parties will be fully settled before the Listing. In order to ensure future compliance with the General Provisions on Loan (貸款通則) as promulgated by the PBOC, we have adopted internal control measures suggested by our internal control consultant, Baker Tilly, to ensure that any future financing support to related parties will be provided through legally permissible means such as trust loans.

As at 31 December 2010, 2011, 2012 and 30 September 2013, we had amounts due from non-controlling interests of RMB135.6 million, RMB215.6 million, RMB267.8 million and RMB191.8 million, respectively. All such amounts due from non-controlling interests were non-trade in nature, non-interest bearing and will be settled before the Listing. As at 31 December 2010, 2011, 2012 and 30 September 2013, we had balance due from Top Plan (HK) Limited, a company holding non-controlling interests in one of our subsidiaries which owns our Crown International project, of RMB135.6 million, RMB215.6 million, RMB247.6 million and RMB171.6 million, respectively, which represented cash advanced to Top Plan (HK) Limited before distribution of dividend arising from our Crown International project. We are in the process of finalising the overall profit of our Crown International project and will declare and pay such dividend before the Listing. As at 31 December 2012 and 30 September 2013, we had amount due from Fujian Qunsheng Group Co., Ltd., a non-controlling shareholder of one of our subsidiaries which owns our Mix Kingdom Redco project, of RMB20.0 million and RMB20.0 million, respectively, which represented cash advanced to Fujian Qunsheng Group Co., Ltd. before distribution of dividend arising from our Mix Kingdom Redco project. We subsequently declared and paid such dividend in December 2013.

As at 31 December 2010, 2011, 2012 and 30 September 2013, we had amounts due to non-controlling interests of RMB50.3 million, RMB19.9 million, RMB46.7 million and RMB65.2 million, respectively. As at 31 December 2010, 2011 and 2012 and 30 September 2013, we had amount due to Top Plan (HK) Limited of RMB50.3 million, RMB19.9 million, RMB32.7 million and RMB33.2 million, respectively. The amount due to Top Plan (HK) Limited represented shareholder's loan from Top Plan (HK) Limited to Redco Investment, the holding company of Redco Industry (Jiangxi) and one of our non-wholly owned subsidiaries in which Top Plan (HK) Limited has an interest, for the purpose of capital injection into Redco Industry (Jiangxi). The amount due to Top Plan (HK) Limited was non-trade in nature and non-interest bearing. As at 31 December 2012 and 30 September 2013, we had amount due to Chen Huaimei of RMB14.0 million and RMB32.0 million, respectively. During the Track Record Period, Chen Huaimei, being a shareholder holding 30% interest in Xianyang Redco, our non-wholly owned subsidiary, had provided shareholder's loan to Xianyang Redco in proportion to his shareholding in Xianyang Redco for the purpose of development of Royal City in Xianyang. The amount due to Chen Huaimei was non-trade in nature and non-interest bearing. Such amount will not be settled before the Listing, but is expected to be fully settled by surplus cash flow from the proceeds of the sales of Royal City project which is expected to be around the end of 2014. Our Company expects that further advances from the shareholders of Xianyang Redco will be required after the Listing, in which case our Company shall comply with the relevant provisions under the Listing Rules. For further details regarding the amount due to Chen Huaimei, please see the section headed "Connected Transaction — Continuing Connected Transactions — Continuing connected transactions which are exempted from reporting, announcement and independent shareholders' approval requirements" in this prospectus.

As at 31 December 2011, we had amounts due from shareholders and directors of RMB84.3 million. As at 31 December 2010 and 2012 and 30 September 2013, we had amounts due to shareholders and directors of RMB366.1 million, RMB161.4 million and RMB93.8 million, respectively. Amounts due from shareholders and directors represented cash advanced to our shareholders and directors, and amount due to shareholders and directors represented cash advanced to us by our shareholders and directors to support our Group's business operations. All such amounts due to and from shareholders and directors were non-trade in nature, non-interest bearing and will be settled before the Listing.

Set out below is a breakdown of our balances with related parties:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
Amounts due from related parties				
- Hefei Redco Asset Operation Management Co., Ltd	16,170	33,557	21,553	12,957
- Fujian Hui Gao Investment Co., Ltd.	67,122	66,912	68,512	68,532
	83,292	100,469	90,065	81,489
Amount due to a related party				
- Quanzhou Sunshine Paris Commercial Club Company Ltd	1,094	1,094	1,094	1,094
Amounts due from non-controlling interests				
- Top Plan (HK) Limited	135,615	215,615	247,615	171,615
- Cheng Ming-Karn	—	—	200	200
- Fujian Qunsheng Group Co., Ltd	—	—	19,997	19,997
	135,615	215,615	267,812	191,812
Amounts due to non-controlling interests				
- Top Plan (HK) Limited	50,272	19,933	32,710	33,217
- Chen Huaimei	—	—	14,000	32,000
	50,272	19,933	46,710	65,217
Amounts due (to)/from shareholders and directors				
- Wong Yeuk Hung	(219,674)	50,551	(96,850)	(56,252)
- Huang Ruoqing	(146,449)	33,700	(64,566)	(37,501)
	(366,123)	84,251	(161,416)	(93,753)

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity

Property developments require substantial capital investment for land acquisition and construction and it may take a number of months or years before positive cash flows can be generated. To date, we have funded our growth principally through cash generated from pre-sales and sales of our properties and bank borrowings. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We expect to continue to fund our operations and growth through cash generated from operations and bank borrowings; in addition, we intend proceeds from the Global Offering to be one of our primary sources to fund our capital expenditures in the coming periods. Following our Global Offering, we plan to further diversify our financing channels, such as through debt or equity offerings. We expect that more diversified sources of financing will strengthen our financial capability, enable us to consider a wider range of favourable land acquisition opportunities as they arise and thus enhance Shareholders' return.

During the Track Record Period, we engaged in pre-sale of all of our property development projects before completion of construction of the relevant projects. Cash received in such pre-sales was a notable source of our cash inflow during the Track Record Period.

Cash Flows

The following table sets out selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	(RMB in thousands)				
				(unaudited)	
Net cash (used in)/generated from operating activities	(571,311)	380,562	321,947	361,387	546,434
Net cash (used in)/generated from investing activities	(262,038)	(507,605)	(44,856)	(9,640)	43,553
Net cash generated from/(used in) financing activities	543,373	(8,700)	198,434	69,310	(326,874)
Net (decrease)/increase in cash and cash equivalents	(289,976)	(135,743)	475,525	421,057	263,113
Cash and cash equivalents at beginning of the year/period	655,716	364,665	228,621	228,621	703,697
Currency translation differences	(1,075)	(301)	(449)	28	(1,752)
Cash and cash equivalents at end of the year/period	364,665	228,621	703,697	649,706	965,058

Cash flows from operating activities

Our cash used in operating activities principally comprises payments for our property development activities and land acquisitions. Our cash from operating activities is generated principally from proceeds received from pre-sale and sales of our properties.

For the nine months ended 30 September 2013, we had net cash generated from operating activities of RMB546.4 million, which primarily comprised (i) a profit for the year of RMB273.9 million as adjusted by taxation of RMB331.5 million, (ii) an increase in trade and other payables of RMB325.6 million and (iii) an increase in receipts in advance of RMB242.2 million, partially offset by (i) an increase in completed properties held for sale of RMB306.9 million, (ii) income tax paid of RMB174.4 million, (iii) an increase in properties under development for Sale of RMB124.6 million, and (iv) an increase in other receivables and prepayments of RMB73.5 million. Our net cash generated from operating activities in the nine months ended 30 September 2013 was primarily due to deposits received from the pre-sale of Spain Standard in Nanchang, Redco International in Jinan and Riverside International in Nanchang, partially offset by cash outflow associated with construction costs paid to our contractors and land acquisitions costs in relation to Bluelake County in Nanchang.

For 2012, we had net cash generated from operating activities of RMB321.9 million, which primarily comprised (i) a profit for the year of RMB165.0 million as adjusted by taxation of RMB151.4 million, (ii) an increase in receipts in advance of RMB856.8 million and (iii) a decrease in completed properties held for sale of RMB486.0 million, partially offset by (i) an increase in properties under development for sale of RMB866.3 million, (ii) income tax paid of RMB174.8 million, (iii) a decrease in trade and other payables of RMB272.4 million and (iv) an increase in other receivables and prepayments of RMB46.2 million. Our net cash generated from operating activities in 2012 was primarily due to deposits received from the pre-sale of Spain Standard in Nanchang and Riverside International, partially offset by cash outflow associated with construction costs paid to our contractors and land acquisition costs of in relation to Royal City.

For 2011, we had net cash generated from operating activities of RMB380.6 million, which primarily comprised (i) a profit for the year of RMB102.0 million as adjusted by taxation of RMB60.3 million, (ii) an increase in receipts in advance of RMB241.5 million, (iii) a decrease in other receivables and prepayments of RMB161.0 million and (iv) an increase in trade and other payables of RMB25.6 million, partially offset by (i) an increase in completed properties held for sale of RMB101.5 million, (ii) income tax paid of RMB97.4 million and (iii) an increase in properties under development for sale of RMB47.7 million. Our net cash generated from operating activities in 2011 was primarily due to deposits received from the pre-sale of Crown International, Riverside International in Nanchang and Mix Kingdom Redco in Hefei, partially offset by cash outflow associated with construction costs paid to our contractors.

For 2010, we had net cash used in operating activities of RMB571.3 million, which primarily comprised (i) an increase in properties under development for sale of RMB636.8 million, (ii) an increase in other receivables and prepayments of RMB344.5 million, (iii) a decrease in receipts in advance of RMB223.0 million, (iv) a decrease in trade and other payables of RMB117.4 million and (v) income tax paid of RMB79.3 million, partially offset by (i) a profit for the year of RMB141.6 million as adjusted by taxation of RMB124.0 million and (ii) a decrease in completed properties held for sale of RMB552.2 million. Our net cash used in operating activities in 2010 was primarily due to cash outflow associated with land acquisition costs in relation to Riverside International and Redco International in Jinan, partially offset by deposits received from the pre-sale of Splendid the Legend in Jinan and Spain Standard in Nanchang.

Cash flows from investing activities

Our cash inflows generated from investing activities primarily reflects advance from a related party and interest received. Our cash used in investing activities primarily reflect cash used for restricted cash in connection with guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of our Group's properties, cash used for term deposits with initial terms of over there months, acquisition of a subsidiary (net of cash acquired), repayment to non-controlling interests, cash used for certain investment in financial assets, capital injection to a joint venture and additions of property, plant and equipment.

For the nine months ended 30 September 2013, we had net cash generated from investing activities of RMB43.6 million, which primarily consisted of advance from non-controlling interests of RMB94.5 million and cash generated from the release of restricted cash in connection with guaranteed deposits upon release of mortgage loan facilities granted by banks to purchasers of our Group's properties of RMB56.9 million, partially offset by cash used for certain investment in financial assets at fair value through profit and loss of RMB74.4 million and cash used for certain term deposits with initial terms of over three months of RMB46.0 million.

For 2012, we had net cash used in investing activities of RMB44.9 million, which primarily consisted of cash used for restricted cash in connection with guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of our Group's properties of RMB111.9 million and repayment to non-controlling interests of RMB25.4 million, partially offset by advance from shareholders and directors of RMB84.3 million, advance from a related party of RMB10.4 million and cash generated from interest received of RMB3.3 million.

For 2011, we had net cash used in investing activities of RMB507.6 million, which primarily consisted of repayment to shareholders and directors of RMB84.3 million, cash used for the acquisition of a subsidiary, net of cash acquired of RMB213.9 million, repayment to non-controlling interests of RMB110.3 million, capital injection to a joint venture of RMB93.8 million, and cash used for the additions of property, plant and equipment of RMB8.3 million, partially offset by cash generated from the release of restricted cash in connection with guaranteed deposits into cash upon release of mortgage loan facilities granted by banks to purchasers of our Group's properties of RMB17.5 million and cash generated from interest received of RMB2.6 million.

For 2010, we had net cash used in investing activities of RMB262.0 million, which primarily consisted of repayment to non-controlling interests of RMB163.4 million, capital injection to a joint venture of RMB95.5 million and cash used for restricted cash in connection with guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of our Group's properties of RMB15.4 million, partially offset by advance from a related party of RMB9.9 million and cash generated from interest received of RMB3.9 million.

Cash flows from financing activities

Our cash inflows from financing activities primarily reflect proceeds from bank borrowings and advance from shareholders and directors. Our cash outflows from financing activities primarily reflect repayment of bank borrowings, repayment to shareholders and directors and interest paid.

For the nine months ended 30 September 2013, we had net cash used in financing activities of RMB326.9 million, which was primarily due to repayment of bank borrowings of RMB561.1 million, repayment to shareholders and directors of RMB68.8 million and interest paid of RMB57.0 million, partially offset by proceeds from bank borrowings of RMB360.0 million.

For 2012, we had net cash generated from financing activities of RMB198.4 million, which was primarily due to proceeds from bank borrowings of RMB627.0 million and advance from shareholders and directors of RMB161.4 million, partially offset by repayment of bank borrowings of RMB506.8 million and interest paid of RMB89.1 million.

For 2011, we had net cash used in financing activities of RMB8.7 million, which was primarily due to proceeds from bank borrowings of RMB818.5 million, partially offset by repayment of bank borrowings of RMB405.7 million, repayment to shareholders and directors of RMB366.1 million and interest paid of RMB55.3 million.

For 2010, we had net cash generated from financing activities of RMB543.4 million, which was primarily due to proceeds from bank borrowings of RMB720.3 million, partially offset by repayment of bank borrowings of RMB163.4 million and interest paid of RMB26.2 million.

Working Capital

We manage our working capital to ensure proper and efficient collection and deployment of our funds. We carefully consider our cash position and ability to obtain further financing when making significant capital commitments and arranging payments for expanding our operations. Given suitable opportunities, we also intend to access the capital markets through further equity or equity-linked capital raising or debt related capital raising.

To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by executing our business strategies as well as strengthening our payment collection from our customers with respect to the property sales and pre-sales. We also intend to further optimise the payment schedules for constructions fees to match the collection of our proceeds through negotiation with our contractors. Furthermore, at our headquarters level, various departments will coordinate to control cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with external financing opportunities and property sales proceeds.

Sufficiency of Working Capital

As we continue to expand the scale of our operations, our cash outflow is expected to be primarily driven by (i) the increase in the number of our existing property development projects entering into development stage and (ii) property development projects for our newly acquired parcel of land in Shenzhen, resulting in a higher level of future development compared with that during the Track Record Period. We expect to fund such cash outflow requirements with our existing cash and cash equivalents and cash generated from pre-sales of our current property developments projects. Our Directors believe that we have the ability to generate positive and sufficient operating cashflow going forward.

Our Directors believe that after taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

Net Current Assets

As at 30 September 2013, we had net current assets of RMB1,718.2 million, consisting of RMB6,408.3 million of current assets and RMB4,690.1 million of current liabilities. As at 31 December 2012, we had net current assets of RMB1,403.0 million, consisting of RMB5,602.5 million of current assets and RMB4,199.5 million of current liabilities. As at 31 December 2011, we had net current assets of RMB1,259.8 million, consisting of RMB4,517.0 million of current assets and RMB3,257.3 million of current liabilities. As at 31 December 2010, we had net current assets of RMB661.5 million, consisting of RMB3,422.1 million of current assets and RMB2,760.6 million of current liabilities. The RMB598.3 million increase in net current assets from as at 31 December 2010 to as at 31 December 2011 was primarily attributable to a RMB717.2 million increase in properties under development for sale and a RMB366.1 million decrease in amounts due to shareholders and directors, partially offset by a RMB556.3 million increase in receipts in advance. The RMB143.3 million increase in net current assets from as at 31 December 2011 to as at 31 December 2012 was primarily attributable to a RMB951.7 million increase in properties under development for sale and a RMB475.1 million increase in cash and cash equivalents, partially offset by a RMB486.0 million decrease in completed properties held for sale and a RMB856.8 million increase in receipts in advance. The RMB315.1 million increase in net current assets from as at 31 December 2012 to as at 30 September 2013 was primarily due to a RMB306.9 million increase in completed properties held for sale, a RMB261.4 million increase in cash and cash equivalents, a RMB178.2 million increase in properties under development for sale and a RMB150.1 million decrease in bank borrowings, partially offset by a RMB325.6 million increase in trade and other payables and a RMB242.2 million increase in receipts in advance. As at 30 November 2013, we had net current assets of RMB1,804.3 million, consisting of RMB6,772.0 million of current assets and RMB4,967.8 million of current liabilities.

The following table sets out a breakdown of our net current assets as at the dates indicated:

	As at 31 December			As at 30 September	As at 30 November
	2010	2011	2012	2013	2013
	(RMB in thousands)				
					(unaudited)
Current Assets					
Completed properties held for sale	619,239	787,682	301,671	608,600	675,227
Properties under development for sale	1,717,919	2,435,106	3,386,810	3,565,007	4,026,129
Other receivables, deposits and prepayments	362,259	506,276	552,515	626,056	542,887
Financial assets at fair value through profit and loss	—	—	—	74,430	—
Income tax recoverable	46,371	68,079	97,085	103,942	102,347
Amounts due from shareholders and directors	—	84,251	—	—	—
Amounts due from related parties	83,292	100,469	90,065	81,489	—
Amounts due from non-controlling interests	135,615	215,615	267,812	191,812	196,815
Term deposits with initial terms of over three months	—	—	—	46,000	—
Restricted cash	92,782	90,929	202,850	145,921	142,631
Cash and cash equivalents	364,665	228,621	703,697	965,058	1,086,007
	3,422,142	4,517,028	5,602,505	6,408,315	6,772,043
Current Liabilities					
Trade and other payables	709,120	949,080	676,677	1,002,298	1,103,332
Bank borrowings	248,568	322,442	478,558	328,441	228,281
Amounts due to shareholders and directors	366,123	—	161,416	93,753	44,113
Amounts due to non-controlling interests	50,272	19,933	46,710	65,217	65,208
Amount due to a related party	1,094	1,094	1,094	1,094	12,137
Receipts in advance	1,305,238	1,861,562	2,718,379	2,960,543	3,342,456
Income tax liabilities	80,198	103,155	116,634	238,794	172,237
	2,760,613	3,257,266	4,199,468	4,690,140	4,967,764
Net Current Assets	661,529	1,259,762	1,403,037	1,718,175	1,804,279

Cash and Cash Equivalents

As at 31 December 2010, 2011 and 2012 and 30 September 2013, we had cash and cash equivalents of RMB364.7 million, RMB228.6 million, RMB703.7 million and RMB965.1 million, respectively, which consisted of cash at bank and on hand.

Restricted Cash

As at 31 December 2010, 2011 and 2012 and 30 September 2013, we had restricted cash of RMB92.8 million, RMB90.9 million, RMB202.9 million and RMB145.9 million, respectively. Our restricted cash comprised (i) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of our Group's properties and (ii) other bank deposits that are restricted in use for daily operational needs.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank Borrowings

The following table sets out a breakdown of our outstanding bank borrowings as at the dates indicated:

	As at 31 December			As at 30 September	As at 30 November
	2010	2011	2012	2013	2013
	(RMB in thousands)				
Long-term bank borrowings	520,300	881,960	846,000	795,000	980,000
Portion of term loan from bank due for repayment within one year	50,000	12,161	112,098	11,870	11,870
Portion of term loan from bank due for repayment within one year which contain a repayment on demand clause	38,973	653	660	19,647	19,641
Portion of term loan from bank due for repayment after one year which contain a repayment on demand clause	9,595	170,628	149,740	117,924	117,770
Short-term bank borrowings	150,000	139,000	216,060	179,000	134,000
Current bank borrowings	248,568	322,442	478,558	328,441	283,281
Total bank borrowings	768,868	1,204,402	1,324,558	1,123,441	1,263,281

Our bank borrowings during the Track Record Period were denominated in Renminbi. As at 31 December 2010, 2011 and 2012 and 30 September 2013, our total outstanding bank borrowings amounted to RMB768.9 million, RMB1,204.4 million, RMB1,324.6 million and RMB1,123.4 million, respectively. The overall increase in our bank borrowings from as at 31 December 2010 to as at 31 December 2012 was primarily due to the increasing needs to finance our property developments as we expanded the scale of our operations. The decrease in our bank borrowings from as at 31 December 2012 to 30 September 2013 was primarily due to repayment of certain bank borrowings in the nine months ended 30 September 2013.

Our bank borrowings during the Track Record Period were secured by certain properties under development for sale and a property held by Mr. Wong and guaranteed personally by Mr. Wong and Huang Ruoqing. All personal guarantees provided by Mr. Wong and Huang Ruoqing will be fully released before Listing and replaced by corporate guarantee to be provided by our Company upon Listing.

Certain of our banking facilities are subject to a number of material, customary affirmative and/or negative covenants. For example, certain of our subsidiaries are restricted from carrying out merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities taken out by certain of our operating subsidiaries also contain cross default conditions which deem a breach of default conditions under relevant financing facilities by the related companies of such operating subsidiaries and their guarantor(s) (which included Mr. Wong, Huang Ruoqing and/or certain of the entities in our Group) to be a default by such operating subsidiaries of the banking facilities. However, our Directors do not expect that such covenants would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our current business plans. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

As at 30 November 2013, we had unutilised banking facilities of RMB827.0 million secured by certain properties under development for sale. All such unutilised banking facilities were committed and unrestricted. In respect of the unutilised banking facilities available to us as at 30 November 2013, there are no additional collateral or security required for any drawdown of such facilities. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that they are not aware of any material defaults in payment of trade and non-trade payables and bank borrowings, any breach of any of the covenants contained in our banking facilities constituting any event of default nor aware of any restrictions that will limit our ability to drawdown on unutilised facilities.

The following table sets out the maturity profiles of our bank borrowings as at the dates indicated.

	As at 31 December			As at 30 September	As at 30 November
	2010	2011	2012	2013	2013
	(RMB in thousands)				
Amounts of borrowings that are repayable:					
- Within one year	238,973	151,814	328,818	210,517	165,506
- After one year	529,895	1,052,588	995,740	912,924	1,097,775
	768,868	1,204,402	1,324,558	1,123,441	1,263,281

Our bank borrowings are arranged at fixed and variable rates ranging from 1.20% to 9.57%. Please refer to Note 26 of the accountant's report included as Appendix I to this prospectus for further details of our bank borrowings.

Indebtedness

As at 30 November 2013, being the latest date for the purpose of liquidity disclosure in this prospectus, we had outstanding indebtedness of RMB1,384.6 million, consisting of bank borrowings of RMB1,263.2 million, amounts due to non-controlling interests of RMB65.2 million, amounts due to shareholder and directors of RMB44.1 million and amount due to a related party of RMB12.1 million. As at 30 November 2013, RMB19.6 million of our banking borrowings were secured by properties under development for sale and a property held by Mr. Wong, and RMB748.4 million of our bank borrowings were guaranteed personally by Mr. Wong and Huang Ruoqing. All personal guarantees provided by Mr. Wong and Huang Ruoqing will be fully released and replaced by corporate guarantee to be provided by our Company upon Listing.

Save as disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 30 November 2013. Our Directors confirm that there is no material change in our indebtedness position since 30 November 2013 up to the date of this prospectus. We intend to continue to finance portions of our property development projects with bank borrowings, as we deem appropriate. Except for such bank borrowings, we currently do not have plans for other material external debt financing.

Contingent Liabilities

Guarantees on mortgage facilities

During the Track Record period, we had arranged for bank financing for certain purchasers of our Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the building ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, we would be responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and our Group is entitled to take over the legal title and possession of the related properties. Our Group's guarantee period starts from the date of grant of mortgage. Our Directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial. The following table shows our total mortgage guarantees as at the dates indicated.

	As at 31 December			As at 30 September	As at 30 November
	2010	2011	2012	2013	2013
	(RMB in thousands)				
Guarantees in respect of mortgage for certain purchasers of the Group's properties	42,480	429,314	831,256	1,192,575	1,234,575

Our Directors confirm that we did not experience any material default on mortgage guarantees during the Track Record Period.

As at 30 November 2013, we provided mortgage guarantees amounting to RMB1,234.6 million in respect of mortgage loans granted to purchasers of our developed properties.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 30 November 2013, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities.

COMMITMENTS

As at 31 December 2010, 2011 and 2012 and 30 September 2013, we had the following commitments that are contracted but not provided in respect of land acquisition and property development expenditures:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	(RMB in thousands)			
				(unaudited)
Contracted but not provided for:				
Land	—	—	84,058	1,093,002
Property development expenditures	2,055,875	1,861,960	1,431,558	1,281,068
	2,055,875	1,861,960	1,515,616	2,374,070

The following table sets forth the total capital commitments for projects that are under development or for future development as at 30 September 2013 and the expected payment schedule for such commitments in the future periods as indicated:

	Commitments as at 30 September 2013	Expected Commitment Payment in the Years Ending 31 December		
		2013	2014	2015
	(RMB in thousands)			
Nanchang:				
Spain Standard	450,078	46,260	125,039	278,779
Riverside International	57,717	13,429	44,288	—
Riverlake International	744,065	322,032	422,033	—
Tianjin:				
Sunshine Coast	421,164	51,042	282,816	87,306
Yantai:				
Sunshine Coast — Phase I	327,986	200,000	127,986	—
Hefei:				
Mix Kingdom Redco	321,785	56,312	193,071	72,402
Xianyang:				
Royal City	51,275	12,819	38,456	—
Total	2,374,070	701,894	1,233,689	438,487

We expect to meet these commitments primarily through proceeds received from the sales and pre-sales of our properties.

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as at the dates indicated:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
Current ratio	1.24	1.39	1.33	1.37
Gearing ratio (%)	154.1	181.2	158.8	99.4
Net debt-to-equity ratio (%)	62.4	133.1	50.1	1.1

	For the year ended 31 December			For the nine months ended 30 September
	2010	2011	2012	2013
Return on equity (%)	31.6	17.7	12.0	32.2
Gross profit margin (%)	21.5	19.8	29.5	33.6
Net profit margin (%)	9.3	7.5	10.6	12.8

Current Ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, our current ratio was 1.24, 1.39, 1.33 and 1.37, respectively. This was primarily due to our prudent financial strategy maintained during the Track Record Period.

Gearing Ratio

Gearing ratio is our total bank borrowings as a percentage of total equity at the end of each financial period.

Our gearing ratio increased to 181.2% as at 31 December 2011 from 154.1% as at 31 December 2010 primarily due to increased bank borrowings to finance our property development projects as we expanded the scale of our operations. Our gearing ratio decreased to 158.8% as at 31 December 2012 primarily due to an increase in equity as a result of increased retained earnings in 2012. Our gearing ratio further decreased to 99.4% as at 30 September 2013 primarily due to an increase in equity as a result of increased retained earnings for the nine months ended 30 September 2013.

Net Debt-to-Equity Ratio

Net debt-to-equity ratio is our total bank borrowings less cash and cash equivalent and restricted cash as a percentage of total equity at the end of each financial period.

Our net debt-to-equity ratio increased to 133.1% as at 31 December 2011 from 62.4% as at 31 December 2010 primarily due to increased bank borrowings to finance our property development projects as we expanded the scale of our operations. Our net debt-to-equity ratio subsequently decreased to 50.1% as at 31 December 2012 due to increased cash as at 31 December 2012 while our level of borrowings remained stable. Our net debt-to-equity ratio further decreased to 1.1% as at 30 September 2013 as a result of increased equity primarily due to (i) cash generated from pre-sales and (ii) increased retained earnings for the nine months ended 30 September 2013.

Return on Equity

Return on equity is our profit attributable to our equity owners divided by equity attributable to our equity owners for each financial period.

The fluctuations in our return on equity ratio during the Track Record Period were largely in line with the fluctuations in our profit attributable to our equity owners during the Track Record Period.

Gross Profit Margin

Gross profit margin is our gross profit as a percentage of our revenue for each financial period.

The reasons for fluctuations in our gross profit margin during the Track Record Period are set out in the paragraph headed "—Period to period comparisons of results of operations" in this section.

Net Profit Margin

Net profit margin is our net profit as a percentage of revenue at the end of each financial period.

The reasons for fluctuations in our net profit margin during the Track Record Period were generally consistent with reasons for fluctuations in our gross profit margin, which are set out in the paragraph headed "— Period to period comparisons of results of operations" in this section.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are, in the ordinary course of our business, exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our Group's overall risk management programme focuses on unpredictability of financial markets and seeks to minimise the relevant potential adverse effects on our Group's performance.

Market Risks

We are exposed to various types of market risks, including foreign exchange risk and cash flow interest rate risk.

Foreign exchange risk

We mainly operate in the PRC, with most of our transactions settled in the Renminbi. Foreign exchange risk would arise when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency. We are exposed to foreign exchange risk primarily with respect to the Hong Kong dollar and the United States dollar.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain of our cash and bank balances were denominated in the Hong Kong dollar and the United States dollar, details of which have been disclosed in Note 23 to the accountant's report included as Appendix I to this prospectus.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, we were exposed to foreign exchange risk primarily with respect to certain of our bank borrowings which were denominated in the Hong Kong dollar, details of which have been disclosed in Note 26 to the accountant's report included as Appendix I to this prospectus. The Renminbi experienced certain depreciation and appreciation against the Hong Kong dollar during the years, which was the major reason for the exchange differences recognised by us during the Track Record Period. Future appreciation or depreciation of the Hong Kong dollar against the Renminbi will affect our results of operations and financial position.

Please refer to Note 3 of the accountant's report included as Appendix I to this prospectus for further details regarding our foreign exchange risk.

Cash flow interest rate risk

Our cash flow interest rate risk is mainly due to our bank borrowings. Borrowings of variable rates expose our Group to cash flow interest rate risk. We have not hedged our cash flow interest rate risk. Our management does not anticipate significant impact to our interest-bearing assets resulting from changes in interest rates, because the interest rates of bank deposits are not expected to change significantly. Please refer to Note 3 of the accountant's report included as Appendix I to this prospectus for further details regarding our cash flow interest rate risk.

Credit Risk

Our credit risk arises from bank deposits and other receivables. All our bank deposits are placed with banks with sound credit ratings to mitigate the risk. We do not hold any collateral as security. For other receivables, financial assets at fair value through profit and loss, amounts due from related parties and amounts due from non-controlling interests, we assess the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Our management also regularly review the recoverability of these receivables and follow up on the disputes or amounts overdue, if any. Our Directors are of the opinion that the risk of default by counterparties is low.

We typically provide guarantees to banks in connection with our customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand us to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, we are able to retain the customers' deposit and resell the property to recover any amounts paid by us to the bank. In this regard, our Directors consider that our credit risk is significantly reduced.

Liquidity Risk

The capital intensive nature of our business operations exposes us to liquidity risk. In managing our liquidity risk, we regularly and closely monitor our current and expected liquidity requirements to maintain our rolling cash flow at a level which is considered adequate by our management to finance our operations and to maintain sufficient cash to meet our business development requirements.

Our management has periodically prepared cash flow projections and we have a number of alternative plans to offset the potential impact on our business development and current operations, should there be circumstances in which the anticipated cash flow may be affected by any unexpected changes in the economic conditions of the PRC. Our Directors consider that we will be able to maintain sufficient financial resources to meet our needs. Please refer to Note 3 of the accountant's report included as Appendix I to this prospectus for further details regarding our liquidity risk.

SUBSEQUENT EVENTS

Please refer to the relevant disclosures made under heading "Subsequent events" set out in the accountant's report included in Appendix I to this prospectus for events that took place subsequent to 30 September 2013.

DIVIDENDS

Subject to the Cayman Companies Law and our Articles of Association, we may declare dividends through a general meeting in any currency but no dividend shall be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Law and our Articles of Association.

On 14 January 2014, we declared a special dividend of RMB150.0 million to Global Universe and Times International, which was fully paid on 15 January 2014. Our Directors will declare future dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Any final dividend will be subject to the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require PRC-incorporated enterprises to set aside part of their after-tax profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders approximately 20% of any net distributable profits from our PRC operating entities. However, we will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or any agreements or contracts that we may enter into in the future.

DISTRIBUTABLE RESERVES

As at 30 September 2013, there were no reserves available for distribution to the owners of our Company.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 September 2013, the end of period reported in the accountant's report set out in Appendix I to this prospectus, and there has been no event since 30 September 2013 which would materially affect the information shown in the accountant's report set out in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

The table below sets forth our transaction with a related party for the years/periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sale of properties to a related party - Hefei Redco Asset Operation	—	17,457	—	—	—

In 2011, one of our related parties and a company controlled by an executive Director and one of our controlling shareholders, Huang Ruoqing, Hefei Redco Asset Operation, was our second largest customer. We sold to Hefei Redco Asset Operation certain storage spaces in Royal Village for a total consideration of RMB17.5 million. Our Directors confirm that the transaction was conducted on an arm's length basis and did not materially distort our results of operations for 2011.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purposes only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect of the Global Offering on the unaudited net tangible assets of our Group attributable to owners of our Company as at 30 September 2013 and is based on the audited consolidated net assets derived from the audited financial information of our Group as at 30 September 2013, as set out in the accountant's report in Appendix I:

	Unaudited Consolidated Net Tangible Assets of Our Group attributable to owners of our Company as at 30 September 2013[(1)]	Estimated Net Proceeds from the Global Offering[(2)]	Unaudited Pro Forma Adjusted Net Tangible Assets attributable to owners of our Company as at 30 September 2013	Unaudited Pro Forma Adjusted Net Tangible Assets per Share[(3)]	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$2.10 per Share	742,644	606,449	1,349,093	0.84	1.07
Based on the Offer Price of HK$2.60 per Share	742,644	757,834	1,500,478	0.94	1.19

Notes:

(1) The audited consolidated net tangible assets attributable to equity holders of our Company as at 30 September 2013 is extracted from the section headed "Appendix I — Accountant's Report" in this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 30 September 2013 of approximately RMB838,135,000 with an adjustment for the intangible assets as at 30 September 2013 of approximately RMB95,491,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$2.10 per share and HK$2.60 per share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be alloted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Schemes, any shares which may be allotted and issued or repurchased by our Company pursuant to general mandates.

(3) The unaudited pro forma net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,600,000,000 Shares are in issue assuming that the Global Offering and the Capitalisation Issue have been completed on 30 September 2013, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Schemes, any shares which may be allotted and issued or repurchased by our Company pursuant to general mandates.

(4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2013. In particular, the unaudited pro forma adjusted net tangible assets of our Group do not take into account the dividend of approximately RMB150 million declared by our Group on 14 January 2014, which was paid in full on 15 January 2014 to the then shareholders. The unaudited pro forma net tangible assets per share would have been HK$0.95 and HK$1.07 per share based on the Offer Price of HK$2.10 and HK$2.60 respectively, after taking into account the declaration of such dividend.

(5) For the purpose of the estimated net proceeds from the Global Offering, the translation of RMB into HK$ was at the rate of RMB1.00000 to HK$0.78601.

PROFIT ESTIMATE FOR 2013

On the bases set out in Appendix III to this prospectus, we estimate that our unaudited consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per Share for 2013 are as follows:

Estimated unaudited consolidated profit attributable to owners of the Company(1)	Not less than RMB400.0 million (approximately HK$508.9 million)
Unaudited pro forma estimated earnings per Share(2)	Not less than RMB0.25 (approximately HK$0.32)

Notes:

(1) The bases on which the above profit estimate for 2013 has been prepared are summarised in Appendix III to this prospectus.

(2) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated consolidated profit attributable to the equity holders of the Company for 2013, assuming that our Company had been listed since 1 January 2013 and a total of 1,600,000,000 Shares to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering were issued and outstanding during the entire period. The calculation takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be issued upon exercise of the options granted under the Share Option Scheme, any shares which may be allotted and issued or repurchased by our Company pursuant to a general mandate.

PROPERTY INTERESTS AND PROPERTY VALUATION

Savills Valuation and Professional Services Limited, an independent property valuer, has valued our property interests as at 31 December 2013 and is of the opinion that the aggregate value of our property interests attributable to us as at such date was RMB11,935,030,000. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set out in the property valuation report as set out in Appendix IV to this prospectus.

The statement below shows the reconciliation of the aggregate value of certain properties and prepaid land lease payments as reflected in the audited consolidated financial statements as at 30 September 2013 as set out in Appendix I to this prospectus with the valuation of these properties and lease prepayments as at 31 December 2013 as set out in the property valuation report as set out in Appendix IV to this prospectus.

	RMB (million)
Net book value as at 30 September 2013	
- Property, plant and equipment	11.5
- Properties under development	3,565.0
- Properties held for sale	608.6
	4,185.1
Add: Additions of properties held or under development for sale during the period from 1 October 2013 to 31 December 2013 (unaudited)	2,024.6
Less: Transfer of properties held or under development for sale to cost of sales during the period from 1 October 2013 to 31 December 2013 (unaudited)	(1,858.3)
Net book value as at 31 December 2013 (unaudited)	4,351.4
Net valuation surplus	8,761.4
Valuation of properties as at 31 December 2013 as set out in Appendix IV to this prospectus	13,112.8
Less: Attributable to non-controlling interest	(1,177.8)
Valuation of properties attributable to our Group as at 31 December 2013 as set out in Appendix IV	11,935.0

LISTING EXPENSES

Total expenses in relation to the Listing (excluding underwriting commission) are expected to be HK$40.2 million. Out of the total expenses, HK$6.5 million was charged to our Group's income statements during the Track Record Period. It is estimated that listing fees in the sum of HK$10.8 million will be charged to equity after the Listing and the remaining listing fees in the sum of HK$21.7 million will be charged to our Group's income statements for the year ended 31 December 2013 and the year ending 31 December 2014.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

Please refer to the section headed "Business — Our Business Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$865.0 million (assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- Approximately 90%, representing HK$778.5 million, will be used to pay the land premium in respect of the land use rights of new land of property development projects for which we have entered into land grant contracts, framework agreements or letters of intent. For more details of our potential property development projects with framework agreements or letters of intent signed, please refer to the section headed "Business — Projects with framework agreements or letters of intent signed" in this prospectus.

  If we cannot obtain the land use rights of, or decide not to proceed with, any of these potential property development projects, we will continue to explore other potential property development projects and apply such proceeds from the Global Offering to expand our operations.

- The remaining amount of approximately not more than 10%, representing approximately HK$86.5 million, will be used for our working capital and other general corporate purposes.

If the Offer Price is fixed at HK$2.60 per Offer Share (being the high-end of the Offer Price range stated in this prospectus) and assuming that the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$96.3 million. If the Offer Price is fixed at HK$2.10 per Offer Share (being the low-end of the Offer Price range stated in this prospectus) and assuming that the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$96.3 million. In the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price range stated in this prospectus, we will adjust the above allocation of the net proceeds on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK$150.2 million (assuming an Offer Price of HK$2.60 per Offer Share, being the high end of the Offer Price range stated in this prospectus), (ii) HK$135.8 million (assuming an

Offer Price of HK$2.35 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus) and (iii) HK$121.3 million (assuming an Offer Price of HK$2.10 per Offer Share, being the low-end of the Offer Price range stated in this prospectus). If the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would ender the development of any our projects not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceed of the Global Offering.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits and/or money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Joint Global Coordinators and Joint Bookrunners

ICBC International Capital
Kingston

Joint Lead Managers

ICBC International Securities
Kingston
CMBI

Co-manager

China Rise Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for, or themselves to subscribe for, their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Placing Agreement having been signed and becoming unconditional.

Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may terminate the Hong Kong Underwriting Agreement by notice given to our Company if, at any time before 8:00 a.m. on the Listing Date:

(i) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(a) any breach of, or any matter or event rendering untrue, incorrect, inaccurate or misleading in any respect, any of the representations, warranties and undertakings set out in the Hong Kong Underwriting Agreement; or

(b) any material breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Placing Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(c) that any statement contained in any of this prospectus and the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto)(the "**Offer Documents**") was, when it was issued, or has or may become, untrue, incorrect or inaccurate in any material respect or misleading in any respect, or that any estimate/forecast, expression of opinion, intention or expectation contained in any of the Offer Documents is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(d) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement or omission from any of the Offer Documents; or

(e) any matter, event, act or omission which gives or is likely to give rise to any material liability of our Company or our controlling shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the representations, warranties and undertakings and/or pursuant to the indemnities contained in the Hong Kong Underwriting Agreement given by any of the indemnifying parties thereto; or

(f) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole, whether or not arising in the ordinary course of business, as determined by the Joint Global Coordinators, in their sole and absolute discretion; or

(g) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(i) any expert named in this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(ii) there shall develop, occur, happen or come into effect:

(a) any change or development involving a prospective change or development, or any event or series of events resulting or likely to result in any change or development involving prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or the Renminbi is linked to any foreign currency or currencies), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union, the Cayman Islands or the BVI (collectively the "**Relevant Jurisdictions**" and each a "**Relevant Jurisdiction**"); or

(b) any new law (including, without limitation, any common law or case law), statutes, ordinances, legal codes, regulations or rules (including, without limitations, all regulations, rules, orders, judgments, decrees, rulings, opinions, guidelines, measures, notices or circulars) of any governmental or regulatory authority (the "**Laws**") or any change, development or announcement or publication involving a prospective change in existing Laws, or any change, development or announcement or publication involving a prospective change, or any event or series of events resulting in or representing a change or a development involving a prospective change, in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(c) the imposition or declaration of (1) any moratorium, suspension, restriction or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or (2) any general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearance services in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union, the Cayman Islands, the BVI or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

(d) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdiction; or

(e) any litigation, or claim, or investigation or actions being announced, threatened or instigated against any member of our Group or our controlling shareholders); or

(f) a demand by any tax authority for payment for any tax liability for any member of our Group; or

(g) any event which gives rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement; or

(h) any adverse change or development involving a prospective adverse change (whether permanent or not) in the assets, liabilities, conditions, business affairs, prospects (financial or otherwise), earnings, profits, losses or financial or trading position of or our Group taken as a whole; or

(i) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(j) a Director being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(k) the chairman or chief executive officer of our Company vacating his office; or

(l) the commencement by any judicial, regulatory, governmental, political body or organisation or any other authority of any investigation, claim, proceedings or other action, or announcing an intention to investigate or take such action, against a Director or any member of our Group or an announcement by any regulatory body or organisation that it intends to take any such action; or

(m) a contravention by any member of our Group of the Listing Rules or applicable Laws; or

(n) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling the Shares (including the Shares which may be allotted and issued upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(o) non-compliance of this prospectus, (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Law or regulation; or

(p) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(q) any event or series of events in the nature of force majeure, including, without limitation, acts of government, declaration of a national or international emergency, calamity, crisis, labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), outbreak of infectious diseases or epidemics or pandemics including, but not limited to, Severe Acute Respiratory Syndromes (SARS), H1N1 and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis; or

(r) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(s) an order or petition is presented for the winding up or liquidation of any member of our Group or any composition, compromise or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution of the winding up or liquidation of any member of our Group is passed or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(t) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

(1) has or will or may have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(2) has or will or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(3) makes or will or may make or is likely to make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offer or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) *Undertaking by us*

In accordance with Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that (except pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option, the grant of options or exercise of options granted or to be granted under the Share Option Scheme) at any time during the period commencing on the date of this prospectus and ending on the expiry of the 6-month period after the Listing Date, we will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities convertible into equity securities of our Company (including warrants or other convertible securities), whether or not of a class already listed, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

(B) *Undertakings by our controlling shareholders*

In accordance with Rule 10.07(1) of the Listing Rules, each of our controlling shareholders has irrevocably and unconditionally undertaken to the Stock Exchange that, except pursuant to the Global Offering, the Over-allotment Option or, if applicable, the stock borrowing arrangement that may be entered into with the Stabilising Manager or its agent, it/he shall not and shall procure that the registered holders controlled by it/him shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his shareholding is made in this prospectus in relation to the Global Offering and ending on the date which is 6 months ("End Date") from the Listing Date, dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of those securities of our Company in respect of which it/he is shown by this prospectus to be the beneficial owners (the "**Relevant Securities**"); and

(b) in the period of 6 months commencing from the End Date, dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder of our Company.

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our controlling shareholders has also irrevocably and unconditionally undertaken to the Stock Exchange that within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he shall:

(a) when either of it/he pledge or charge any securities of our Company beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and

(b) when either of it/him receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of our Company shall be disposed of, immediately inform our Company in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our controlling shareholders or their shareholders and disclose such matters by way in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by our controlling shareholders.

Undertakings under the Hong Kong Underwriting Agreement

(A) *Undertaking by us*

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the issue of Shares pursuant to the Capitalisation Issue and the Share Option Scheme, during the period of six months commencing on date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-month Period**"), we have undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters and each of our controlling shareholders has undertaken to each of the Joint Global Coordinators, the

Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company, not to, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, make any short sell or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, defect, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or;

(c) enter into any transaction with the same economic effect as any transaction referred to in paragraph (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction described in paragraph (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities of our Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). In the event that our Company enters into or offers to or agrees to or announces any intention to effect any such transaction within the period of six months commencing on the date which the First Six-month Period expires (the "**Second Six-month Period**"), our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our controlling shareholders has undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the above undertakings.

(B) *Undertaking by our controlling shareholders*

Each of our controlling shareholders has undertaken to our Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save for any lending of Shares by Global Universe pursuant to the Stock Borrowing Agreement, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of our controlling shareholders will and, will procure that none of its associates will,

(i) at any time during the First Six-month period:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short sell or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable), or deposit any Shares (the foregoing restriction is expressly agreed to preclude our controlling shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than our controlling shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction referred to in paragraph (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction referred to in paragraph (a), (b) or (c) above,

in each case, whether any of the foregoing transaction is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

(ii) at any time during the Second Six-month Period, enter into or offer to agree to or announce any intention to effect any of the foregoing transactions if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he will cease to be a controlling shareholder of our Company; and

(iii) until the expiry of the Second Six-month Period, in the event that it/him enters into or offer to or agree to or announce any intention to effect any of the foregoing transactions, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the securities of our Company.

Each of our controlling shareholders has further undertaken to our Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it/he will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

(a) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or securities or interests in the Shares or other securities of our Company beneficially owned by it for a bona fide commercial loan, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and

(b) upon any indication received by it/him, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications.

We agree and undertake to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, that, upon receiving such information of any of the matters referred to above (if any) in writing from our controlling shareholders, we shall, as soon as practicable, notify the Stock Exchange and make a public disclosure of such information in accordance with the Listing Rules.

Indemnity

We and our controlling shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

International Placing

International Placing Agreement

In connection with the International Placing, we among others, expect to enter into the International Placing Agreement with the International Underwriters. Under the International Placing Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Placing Shares being offered under the International Placing.

Under the International Placing Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time, and from time to time, on or before the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 60,000,000 additional Shares, representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be issued at the Offer Price and will be for the purpose of, covering over-allocations in the International Placing, if any.

It is expected that the International Placing Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Placing Agreement is not entered into, the Global Offering will not proceed.

We will agree to indemnify the International Underwriters against certain liabilities.

Commissions and expenses

The Hong Kong Underwriters will receive a gross commission of 3.7% of the aggregate Offer Price in respect of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued in relation to the Global Offering.

The aggregate commissions, together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated amount to approximately HK$75.0 million (assuming an Offer Price of HK$2.35, which is the mid-point of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us.

Underwriters' interest in our Group

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Global Offering (the "**Syndicate Members**") and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilising period described in the section headed "Structure of the Global Offering — Stabilisation" in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offer of 40,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "Hong Kong Public Offer"; and

- the International Placing of 360,000,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below), outside the United States (including with professional, institutional, corporate and other investors whom we anticipate may have a reasonable demand for the Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to institutional and professional investors and other investors in other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The Shares will be traded in board lots of 2,000 each.

The number of Offer Shares to be offered under the Global Offering respectively may be subject to reallocation as described in the section headed "Pricing and allocation" below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offer.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 24 January 2014 and in any event, no later than 5:00 p.m. on Tuesday, 28 January 2014.

The Offer Price will not be more than HK$2.60 per Offer Share and is expected to be not less than HK$2.10 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Joint Global Coordinators (on behalf of the Underwriters and with the consent of our Company) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Joint Global Coordinators (on behalf of the Underwriters) may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer on Friday, 24 January 2014, cause to publish in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.redco.cn a notice of the reduction. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed "Summary" and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Shares to be offered in the Global Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Allocation of the International Placing Shares under the International Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, the level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing, the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — Publication of results" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offer will be conditional on, inter alia:

(a) the granting of approval by the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option), and such listing and permission not having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;

(b) the Offer Price having been determined on or around the Price Determination Date;

(c) the execution and delivery of the International Placing Agreement on or around the Price Determination Date;

(d) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Thursday, 20 February 2014, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed by 5:00 pm on Tuesday, 28 January 2014 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.redco.cn on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares". In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 29 January 2014 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFER

Number of Shares initially offered

We are initially offering 40,000,000 Shares at the Offer Price, representing 10% of the 400,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the Hong Kong Public Offer will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Global Offering) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A comprises 20,000,000 Hong Kong Offer Shares and Pool B comprises 20,000,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) and up to the total value of Pool B will fall into Pool B. For the purpose of this paragraph only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Investors should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 20,000,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation and clawback

The allocation of Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offer represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offer, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 120,000,000, 160,000,000 and 200,000,000 Offer Shares, representing 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offer.

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest of, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK$2.60 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$2.60, being the maximum Offer Price, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares".

INTERNATIONAL PLACING

Number of Offer Shares initially offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 360,000,000 Offer Shares (subject to adjustment and the Over-allotment Option), representing 90% of the Offer Shares under the Global Offering and 22.5% of our enlarged issued share capital immediately after the Capitalisation Issue and the Global Offering assuming that the Over-allotment Option is not exercised. The International Placing is subject to the Hong Kong Public Offer becoming unconditional.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of International Placing Shares under the International Placing will be effected in accordance with the "book-building" process described in the section headed "Pricing and allocation" in this prospectus and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option), Shares to be issued under the Capitalisation Issue and Shares which may be issued on the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed in this prospectus, no part of our Share is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Bookrunners on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer. Under the Over-allotment Option, the Joint Bookrunners will have the right to require us to allot and issue up to an aggregate of 60,000,000 additional new Shares representing in aggregate of approximately 15% of the Offer Shares initially available under the Global Offering to, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.61% of our enlarged issued share capital following the completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 60,000,000 Shares, representing 15% of the Offer Shares, from Global Universe to cover over allocation under the stock borrowing arrangement (being the maximum number of Offer Shares which may be issued upon exercise of the Over allotment Option), or acquire Shares from other sources, including exercising the Over allotment Option.

If such stock borrowing arrangement with Global Universe is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Global Universe or its nominees on or before the third business day following the earlier of (a) the last day on which the Over allotment Option may be exercised, or (b) the day on which the Over allotment Option is exercised in full and the relevant Offer Shares subject to the Over allotment Option have been issued. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Global Universe by the Stabilising Manager or its agent in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, as stabilising manager on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period up to the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it, to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it, and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 60,000,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilising actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules, as amended, include: (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applications for and investors in the Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Sunday, 23 February 2014, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and

- stabilising bids must be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules, as amended, will be made within seven days of the expiration of the stabilisation period.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 30 January 2014, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 30 January 2014.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Friday, 24 January 2014, shortly after determination of the Offer Price, enter into the International Placing Agreement relating to the International Placing.

The terms of the underwriting arrangements, the Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate of any of the above; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 21 January 2014 until 12:00 noon on Friday, 24 January 2014 from:

(1) any of the following addresses of the Hong Kong Underwriters:

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Kingston Securities Limited
Suite 2801, 28/F, One IFC
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
Units 1803-4, 18th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

China Rise Securities Company Limited
Room 1611, 16/F
West Wing, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

(2) or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch Name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Causeway Bay Branch	Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Hung Hom Branch	Shop 2A, G/F, Hung Hom Shopping Mall, 2-34E Tak Man Street, Hung Hom
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong
	Yaumatei Branch	542 Nathan Road, Yaumatei
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Mei Foo Branch	Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen
New Territories	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po
	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 21 January 2014 until 12:00 noon on Friday, 24 January 2014 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Redco Properties Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Tuesday, 21 January 2014 — 9:00 a.m. to 5:00 p.m.
Wednesday, 22 January 2014 — 9:00 a.m. to 5:00 p.m.
Thursday, 23 January 2014 — 9:00 a.m. to 5:00 p.m.
Friday, 24 January 2014 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 24 January 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Cayman Companies Law, and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and (iii) you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in Regulation S);

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form; and (ii) you have due authority to sign the Application Form on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the White Form eIPO Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 21 January 2014 until 11:30 a.m. on Friday, 24 January 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 24 January 2014 or such later time under the "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 per each "REDCO PROPERTIES GROUP LIMITED" White Form eIPO application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. WARNING FOR ELECTRONIC APPLICATIONS

The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions through the **White Form eIPO** service, is made for your benefit. If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing and Allocation".

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 a.m. on Friday, 24 January 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 24 January 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

10. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 29 January 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company's website at **www.redco.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.redco.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, 29 January 2014;
- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 29 January 2014 to 12:00 midnight on Tuesday, 4 February 2014;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, 29 January 2014 to Saturday, 1 February 2014; and

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 29 January 2014 to Thursday, 30 January 2014 and Tuesday, 4 February 2014 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may withdraw their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$2.60 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 29 January 2014.

13. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Wednesday, 29 January 2014. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 30 January 2014 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) **If you apply using a WHITE Application Form**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 January 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 29 January 2014, by ordinary post and at your own risk.

(ii) **If you apply using a YELLOW Application Form**

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 29 January 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 29 January 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 29 January 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) **If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 January 2014, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 29 January 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

21 January 2014

The Directors
Redco Properties Group Limited

ICBC International Capital Limited

Dear Sirs,

We report on the financial information of Redco Properties Group Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the consolidated balance sheets as at 31 December 2010, 2011 and 2012 and 30 September 2013, the balance sheets of the Company as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 21 January 2014 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 July 2008 under the Cayman Companies Law. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Group reorganisation" below, which was completed on 29 October 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and a joint venture as set out in Note 15 and 16 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No audited financial statements have been prepared by the Company as it has not involved in any significant business transactions other than the Reorganisation since its date of incorporation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 15 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Company for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the state of affairs of the Company as at 31 December 2010, 2011 and 2012 and 30 September 2013 and of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and of the Group's results and cash flows for the Relevant Periods.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2012, and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2010, 2011 and 2012 and 30 September 2013, and for each of the years ended 31 December 2010, 2011 and 2012 and each of the nine months ended 30 September 2012 and 2013 (the "Financial Information").

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	5	1,528,300	1,355,999	1,550,942	1,006,529	2,142,774
Cost of sales	6	(1,200,056)	(1,086,865)	(1,092,778)	(678,397)	(1,422,343)
Gross profit		328,244	269,134	458,164	328,132	720,431
Other losses	7	—	(2,795)	(909)	(879)	(445)
Selling and marketing expenses	6	(27,715)	(41,190)	(53,625)	(37,668)	(34,830)
General and administrative expenses	6	(36,325)	(57,075)	(68,786)	(47,147)	(54,509)
Impairment of goodwill	14	—	—	(12,231)	(9,399)	(25,579)
Operating profit		264,204	168,074	322,613	233,039	605,068
Finance income	10	3,940	2,643	3,296	2,195	5,471
Finance costs	10	(1,685)	(637)	(4,218)	(3,187)	(3,566)
Finance income/(costs), net		2,255	2,006	(922)	(992)	1,905
Share of loss of a joint venture	16	(893)	(7,851)	(5,330)	(9,708)	(1,609)
Profit before income tax		265,566	162,229	316,361	222,339	605,364
Income tax expense	11	(123,984)	(60,268)	(151,404)	(113,795)	(331,463)
Profit for the year/period	12	141,582	101,961	164,957	108,544	273,901
Attributable to:						
Equity holders of the Company		117,535	85,420	65,771	32,806	270,078
Non-controlling interests		24,047	16,541	99,186	75,738	3,823
		141,582	101,961	164,957	108,544	273,901
Earnings per share for profit attributable to equity holders of the Company						
- Basic and diluted	36	587.1	427.1	328.9	164.0	1,350.4
Dividends	38	—	—	—	—	—

Note: The basic earnings per share and diluted earnings per share as presented on the consolidated income statements have not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 14 January 2014 because the proposed capitalisation issue has not become effective as at the date of this report.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Profit for the year/period	141,582	101,961	164,957	108,544	273,901
Other comprehensive income/(loss)					
Item that will not be reclassified subsequently to profit or loss					
Exchange differences arising on translation of functional currency to presentation currency	9,271	24,176	(1,629)	(6,633)	21,942
Total other comprehensive income/(loss).	9,271	24,176	(1,629)	(6,633)	21,942
Total comprehensive income for the year/period	150,853	126,137	163,328	101,911	295,843
Attributable to:					
- Equity holders of the Company	126,671	109,862	64,063	26,153	291,877
- Non-controlling interests	24,182	16,275	99,265	75,758	3,966
Total comprehensive income for the year/period	150,853	126,137	163,328	101,911	295,843

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 September 2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	13	9,419	12,983	12,768	11,461
Goodwill	14	—	133,301	121,070	95,491
Investment in a joint venture	16	94,568	180,488	175,158	173,549
Prepayment for acquisition of a subsidiary	20	250,000	—	—	—
Deferred income tax assets	17	3,832	12,759	29,884	22,254
		357,819	339,531	338,880	302,755
Current assets					
Completed properties held for sale	18	619,239	787,682	301,671	608,600
Properties under development for Sale	19	1,717,919	2,435,106	3,386,810	3,565,007
Other receivables, deposits and prepayments	20	362,259	506,276	552,515	626,056
Financial assets at fair value through profit and loss	21	—	—	—	74,430
Income tax recoverable		46,371	68,079	97,085	103,942
Amounts due from shareholders and directors	37	—	84,251	—	—
Amounts due from related parties	37	83,292	100,469	90,065	81,489
Amounts due from non-controlling interests	37	135,615	215,615	267,812	191,812
Term deposits with initial terms of over three months	22	—	—	—	46,000
Restricted cash	23	92,782	90,929	202,850	145,921
Cash and cash equivalents	23	364,665	228,621	703,697	965,058
		3,422,142	4,517,028	5,602,505	6,408,315
Total assets		3,779,961	4,856,559	5,941,385	6,711,070
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	24	—	—	—	—
Reserves	25	372,333	482,195	546,258	838,135
		372,333	482,195	546,258	838,135
Non-controlling interests	15(c)	126,715	182,405	287,670	291,636
Total equity		499,048	664,600	833,928	1,129,771

	Note	As at 31 December			As at 30 September
		2010	2011	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Bank borrowings, secured	26	520,300	881,960	846,000	795,000
Deferred income tax liabilities	17	—	52,733	61,989	96,159
		520,300	934,693	907,989	891,159
Current liabilities					
Trade and other payables	27	709,120	949,080	676,677	1,002,298
Bank borrowings	26	248,568	322,442	478,558	328,441
Amounts due to shareholders and directors	37	366,123	—	161,416	93,753
Amounts due to non-controlling interests	37	50,272	19,933	46,710	65,217
Amount due to a related party...........	37	1,094	1,094	1,094	1,094
Receipts in advance	28	1,305,238	1,861,562	2,718,379	2,960,543
Income tax liabilities		80,198	103,155	116,634	238,794
		2,760,613	3,257,266	4,199,468	4,690,140
Total liabilities		3,280,913	4,191,959	5,107,457	5,581,299
Total equity and liabilities		3,779,961	4,856,559	5,941,385	6,711,070
Net current assets............................		661,529	1,259,762	1,403,037	1,718,175
Total assets less current liabilities...		1,019,348	1,599,293	1,741,917	2,020,930

BALANCE SHEETS

	Note	As at 31 December			As at 30 September
		2010	2011	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current asset					
Investment in a subsidiary	15	—	—	—	390,766
Current asset					
Prepayments	20	—	—	23	1,475
		—	—	23	1,475
Total assets		—	—	23	392,241
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	24	—	—	—	—
Reserves	25	(24)	(23)	(23)	385,769
Total equity		(24)	(23)	(23)	385,769
LIABILITIES					
Current liabilities					
Amount due to a subsidiary	37	—	—	23	6,450
Amounts due to shareholders and directors	37	24	23	23	22
Total liabilities		24	23	46	6,472
Total equity and liabilities		—	—	23	392,241
Net current liabilities		(24)	(23)	(23)	(4,997)
Total assets less current liabilities		(24)	(23)	(23)	385,769

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Reserves	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2010		—	—	245,662	102,533	348,195
Comprehensive income						
Profit for the year		—	—	117,535	24,047	141,582
Other comprehensive income:						
Currency translation differences ...		—	—	9,136	135	9,271
Total comprehensive income		—	—	126,671	24,182	150,853
Balance at 31 December 2010......		—	—	372,333	126,715	499,048
Balance at 1 January 2011		—	—	372,333	126,715	499,048
Comprehensive income						
Profit for the year		—	—	85,420	16,541	101,961
Other comprehensive income:						
Currency translation differences ...		—	—	24,442	(266)	24,176
Total comprehensive income for the year		—	—	109,862	16,275	126,137
Transaction with non-controlling interests						
Acquisition of a subsidiary	31	—	—	—	39,415	39,415
Balance at 31 December 2011......		—	—	482,195	182,405	664,600
Balance at 1 January 2012		—	—	482,195	182,405	664,600
Comprehensive income						
Profit for the year		—	—	65,771	99,186	164,957
Other comprehensive income:						
Currency translation differences ...		—	—	(1,708)	79	(1,629)
Total comprehensive income for the year		—	—	64,063	99,265	163,328
Transaction with non-controlling interests						
Capital injection from non-controlling interests		—	—	—	6,000	6,000
Balance at 31 December 2012......		—	—	546,258	287,670	833,928

	Note	Share capital	Reserves	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2013		—	546,258	287,670	833,928
Comprehensive income					
Profit for the period		—	270,078	3,823	273,901
Other comprehensive income:					
Currency translation differences		—	21,799	143	21,942
Total comprehensive income for the period		—	291,877	3,966	295,843
Transactions with owners					
Issuance of ordinary shares	24	—	—	—	—
Balance at 30 September 2013		—	838,135	291,636	1,129,771
Balance at 1 January 2012		—	482,195	182,405	664,600
Comprehensive income					
Profit for the period		—	32,806	75,738	108,544
Other comprehensive income:					
Currency translation differences		—	(6,653)	20	(6,633)
Total comprehensive income for the year		—	26,153	75,758	101,911
Transaction with non-controlling interests					
Capital injection from non-controlling interests		—	—	6,000	6,000
Balance at 30 September 2012		—	508,348	264,163	772,511

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows from operating activities						
Net cash (used in)/generated from operations	30	(492,003)	477,914	496,746	517,022	720,791
Income tax paid		(79,308)	(97,352)	(174,799)	(155,635)	(174,357)
Net cash (used in)/generated from operating activities		(571,311)	380,562	321,947	361,387	546,434
Cash flows from investing activities						
Acquisition of subsidiaries, net of cash acquired	31	—	(213,911)	—	—	—
Additions of property, plant and equipment		(1,628)	(8,292)	(5,466)	(5,121)	(2,594)
(Advance to)/repayment from shareholders and directors		—	(84,251)	84,251	—	—
(Advance to)/repayment from a related party		9,924	(17,177)	10,404	7,773	9,670
(Advance to)/repayment from non-controlling interests		(163,406)	(110,337)	(25,420)	(14,606)	94,507
Investment in financial assets at fair value through profit and loss		—	—	—	—	(74,430)
Restricted cash		(15,407)	17,491	(111,921)	119	56,929
Term deposits with initial terms of over three months		—	—	—	—	(46,000)
Interest received		3,940	2,643	3,296	2,195	5,471
Capital injection to a joint venture		(95,461)	(93,771)	—	—	—
Net cash (used in)/generated from investing activities		(262,038)	(507,605)	(44,856)	(9,640)	43,553
Cash flows from financing activities						
Proceeds from bank borrowings		720,300	818,458	627,000	320,000	360,000
Repayment of bank borrowings		(163,427)	(405,724)	(506,844)	(327,717)	(561,117)
Advance from/(repayment to) shareholders and directors		12,749	(366,123)	161,411	149,961	(68,758)
Interest paid		(26,249)	(55,311)	(89,133)	(72,934)	(56,999)
Contributions from non-controlling interests of a subsidiary		—	—	6,000	—	—
Net cash generated from/(used in) financing activities		543,373	(8,700)	198,434	69,310	(326,874)
Net (decrease)/increase in cash and cash equivalents		(289,976)	(135,743)	475,525	421,057	263,113
Cash and cash equivalents at beginning of year/period		655,716	364,665	228,621	228,621	703,697
Currency translation differences		(1,075)	(301)	(449)	28	(1,752)
Cash and cash equivalents at end of the year/period	23	364,665	228,621	703,697	649,706	965,058

II NOTES TO THE FINANCIAL INFORMATION

1 General information of the Group and group reorganisation

1.1 *General information of the Group*

The Company was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Cayman Companies Law. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business (the "Listing Business") in the People's Republic of China (the "PRC"). Prior to the completion of the reorganisation as described in Note 1.2 below ("Reorganisation"), the Listing Business was principally operated through Redco Holdings (Hong Kong) Co. Limited ("Redco HK") and its subsidiaries. Redco HK is ultimately controlled by Mr. Wong Yeuk Hung (the "Mr. Wong" or "Controlling Shareholder").

The Financial Information are presented in unit of Renminbi ("RMB"), unless otherwise stated.

1.2 *Group reorganisation*

In preparing for the listing of the Company's shares ("Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Company underwent a series of transactions to acquire all the equity interests of Redco HK and its subsidiaries (the major operating subsidiaries) through Redco Properties Holdings Limited ("Redco Properties") from the then shareholders of Redco HK and its subsidiaries. Prior to the Reorganisation, Mr. Wong and his spouse, Ms Sze Kai Fei collectively held 100% equity interests of Redco HK whilst Mr. Huang Ruoqing ("Mr. Huang"), brother of Mr. Wong and Ms. Fan Huili, spouse of Mr. Huang held equity interests of certain subsidiaries of Redco HK. Key procedures of the Reorganisation are as follows:

- On 14 July 2008, the Company was incorporated in the Cayman Islands. Upon incorporation, one nil-paid Share of the Company was transferred to Global Universe International Holdings Limited ("Global Universe"), a company controlled and wholly owned by Mr. Wong. On the same day, 59 nil-paid Shares and 40 nil-paid Shares were allotted and issued to Global Universe and Times International Development Company Limited ("Times International"), a company controlled and wholly owned by Mr. Huang, respectively.

- On 23 June 2008, Redco Properties was incorporated in the BVI. One share of Redco Properties was issued and allotted to the Company on 23 July 2008 subsequent to its incorporation.

- On 29 October 2012, Redco Properties acquired the entire issued share capital of Redco HK from Mr. Wong and his spouse at a consideration of HK$400 million. The consideration was satisfied by the allotment and issue of one share of Redco Properties to the Company and resulted in an amount of HK$400 million due from the Company to Mr. Wong and his spouse.

- At the direction of Mr. Wong and his spouse, such HK$400 million due from the Company to them was capitalised by (i) paying up 60 nil-paid Shares held by Global Universe and 40 nil-paid Shares held by Times International, at par on 29 October 2012; and (ii) issuing and allotting 60 Shares and 40 Shares to Global Universe and Times International, respectively, on 29 July 2013.

1.3 ***Basis of presentation***

Immediately prior to and after the Reorganisation, the Listing Business is held by Mr Wong. The Listing Business is mainly conducted through Redco HK and its subsidiaries, which are controlled by Mr Wong. Pursuant to the Reorganisation, the Listing Business was transferred to the Company. The Company is an investment holding company. The Company has not been involved in any other activities prior to the Reorganisation that meet the definition of business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owner of the Listing Business remained the same throughout the Relevant Periods. Accordingly, the Financial Information of the Group is presented using the carrying values of the Listing Business under Redco HK for all periods presented. For the purpose of this report, the Financial Information of the Group has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

2.1 ***Basis of preparation***

The Financial Information have been prepared in accordance with HKFRS issued by the HKICPA and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4 of this section.

Up to the date of issue of this report, the HKICPA has issued the following new standards and amendments and which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning on 1 January 2013 and which have not been early adopted by the Group:

Amendment to HKAS 32	Financial instruments: Presentation — Offsetting Financial asset and liability [(1)]
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets [(1)]
HKFRS 9	Financial Instruments
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Annual Improvements Project	Annual Improvements 2011-2013 Cycle[(2)]

(1) Effective for the Group for annual period beginning on 1 January 2014.

(2) Effective for the Group for annual period beginning on 1 July 2014.

The Group has commenced an assessment of the impact of the above new standards and amendments to existing standards and considers that they will not have any significant impact on the results of the Group's operations and financial position. The Group plans to adopt the above new standard and amendments to existing standards when they become effective.

2.2 ***Subsidiaries***

2.2.1 *Consolidation*

The Financial Information incorporated the assets and liabilities of all subsidiaries of the Company during the Relevant Periods, presented on the basis of preparation as described in Note 2.1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for by the Company at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 ***Joint venture***

Under the equity method of accounting, interest in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in consolidated financial statements. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2010. There is no impact on the net assets of the periods presented.

2.4 ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.5 ***Foreign currency translation***

(i) Functional and presentation currency

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HK$"), and the Financial Information is presented in Renminbi, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statements within "finance cost" and "finance income". All other foreign exchange gains and losses are presented in the consolidated income statements within "finance cost" and "finance income".

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each consolidated income statement are translated at average exchange rates; and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 ***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvement	shorter of the lease term or useful lives
Furniture and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses" in the consolidated income statements.

2.7 ***Goodwill***

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 ***Impairment of investment in a joint venture and non-financial assets***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investment in a joint venture is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 ***Properties under development for sale and completed properties for sale***

Properties under development for sale and completed properties for sale are included in current assets at the lower of cost and net realisable value. Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights, borrowing costs on qualifying assets and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.10 ***Financial assets***

2.10.1 *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "other receivables, deposits and prepayments", "amounts due from shareholders and directors", "amounts due from related parties", "amounts due from non-controlling interests", "term deposits with initial terms of over three months", "restricted cash" and "cash and cash equivalents" in the consolidated balance sheet. The Company's loans and receivables represent "other receivable, deposits and prepayments" in the balance sheet.

2.10.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "other gains or losses" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Other receivables is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), it is classified as current assets. If not, it is presented as non-current assets.

2.11 ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 ***Cash and cash equivalents***

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.13 ***Impairment of financial assets***

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.14 ***Share capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 ***Trade and other payables***

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in finance costs in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 ***Provisions***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 ***Current and deferred income tax***

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and joint venture operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of properties

Revenue from sale of properties is recognised when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are included as deferred revenue under current liabilities.

(ii) Interest income

Interest income is recognised using the effective interest method.

2.20 ***Employee benefits***

(i) Pension obligations

The Group operates a mandatory provident fund scheme ("MPF Scheme") in Hong Kong. The assets of the MPF Scheme are held in a separate trustee-administered fund. Both the Group and the employees are required to contribute 5% of the employees relevant income up to a maximum of HK$1,250 (HK$1,000 on or before 1 June 2012) per employee per month.

The Group also participates in an employee social security plan (the "Plan") as required by the regulations in PRC. The Group is required to make welfare contributions to the Plan which is based on certain percentage of the employees' relevant income.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Bonus plans

The expected cost of bonus plan is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.21 ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

2.22 ***Financial guarantee liabilities***

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3 **Financial risk management**

3.1 ***Financial risk factors***

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(i) Liquidity risk

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations and to maintain sufficient cash to meet its business development requirements.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to offset the potential impact on the Group's business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in PRC economic conditions. The Company's directors consider that the Group will be able to maintain sufficient financial resources to meet its needs. Unused facilities of the Group as of 31 December 2010, 2011 and 2012 and 30 September 2013 have been disclosed in Note 35.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At 31 December 2010						
Term loans subject to repayment on demand clause and interest payments	48,568	—	—	—	—	48,568
Other bank borrowings and interest payments	—	239,580	162,519	393,729	406	796,234
Trade and other payables*	—	708,587	—	—	—	708,587
Amounts due to shareholders and directors	—	366,123	—	—	—	366,123
Amount due to a related party	—	1,094	—	—	—	1,094
Amounts due to non-controlling interests	—	50,272	—	—	—	50,272
Financial guarantees (Note 34)	—	42,480	—	—	—	42,480
	48,568	1,408,136	162,519	393,729	406	2,013,358

* Excluding salaries payable

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011						
Term loans subject to repayment on demand clause and interest payments	171,282	—	—	—	—	171,282
Other bank borrowings and interest payments	—	211,123	575,774	400,758	307	1,187,962
Trade and other payables*	—	948,139	—	—	—	948,139
Amount due to a related party	—	1,094	—	—	—	1,094
Amounts due to non-controlling interests	—	19,933	—	—	—	19,933
Financial guarantees (Note 34)	—	297,858	117,934	13,522	—	429,314
	171,282	1,478,147	693,708	414,280	307	2,757,724
At 31 December 2012						
Term loans subject to repayment on demand clause and interest payments	150,400	—	—	—	—	150,400
Other bank borrowings and interest payments	—	408,112	427,811	500,943	234	1,337,100
Trade and other payables*	—	676,680	—	—	—	676,680
Amounts due to shareholders and directors	—	161,416	—	—	—	161,416
Amount due to a related party	—	1,094	—	—	—	1,094
Amounts due to non-controlling interests	—	46,710	—	—	—	46,710
Financial guarantees (Note 34)	—	516,048	315,208	—	—	831,256
	150,400	1,810,060	743,019	500,943	234	3,204,656
At 30 September 2013						
Term loans subject to repayment on demand clause and interest payments	137,572	—	—	—	—	137,572
Other bank borrowings and interest payments	—	258,576	847,423	3,888	169	1,110,056
Trade and other payables*	—	1,010,222	—	—	—	1,010,222
Amounts due to shareholders and directors	—	93,753	—	—	—	93,753
Amount due to a related party	—	1,094	—	—	—	1,094
Amounts due to non-controlling interests	—	65,217	—	—	—	65,217
Financial guarantees (Note 34)	—	929,048	267,527	—	—	1,192,575
	137,572	2,357,910	1,114,950	3,888	169	3,614,489

* Excluding salaries payable

The table below analyses the term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group					
31 December 2010	39,726	808	2,423	7,201	50,158
31 December 2011	6,440	6,439	175,663	6,091	194,633
31 December 2012	5,811	34,173	122,064	5,295	167,343
30 September 2013	23,822	4,309	116,711	4,605	149,447

For the Company, all financial liabilities, including amounts due to subsidiaries and amounts due to shareholders and directors, are due within 1 year.

(ii) Credit risk

Credit risk arises from bank deposits and other receivables.

For other receivables, financial assets at fair value through profit and loss, amount due from a related party, and amounts due from non-controlling interests, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counterparties is low.

All the bank deposits are placed with banks with sound credit ratings to mitigate the risk. The Group does not hold any collateral as security.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customers' deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(iii) Foreign exchange risk

The Group mainly operates in PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to Hong Kong dollars ("HK$") and United States dollars ("US$").

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose it to material foreign exchange risk. Other than certain bank balances and bank borrowings, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in PRC to meet its liabilities denominated in RMB. The Group does not hedge its exposure to foreign currencies.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain of the Group's cash and bank balances were denominated in HK$ and US$, details of which have been disclosed in Note 23.

As at 31 December 2010, 2011, 2012 and 30 September 2013, the Group was exposed to foreign exchange risk primarily with respect to certain of its bank borrowings which were denominated in HK$, details of which have been disclosed in Note 26. RMB experienced certain depreciation and appreciation against HK$ during the years which is the major reason for the exchange differences recognised by the Group for the years. Further appreciation and depreciation of HK$ against RMB will affect the Group's financial position and results of operations.

The following table shows that, if RMB had weakened/strengthened by 5% against HK$ and US$, with all other variables held constant, post-tax profit for the year/period change, mainly as a result of foreign exchange losses/gains on translation of HK$ and US$ denominated bank balances and bank borrowings.

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Post-tax profit increase/(decrease)					
RMB strengthen by 5%	2,225	8,760	2,530	8,293	4,469
RMB weakened by 5%	(2,225)	(8,760)	(2,530)	(8,293)	(4,469)

(iv) Cash flow interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with variable interest, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from bank. Borrowings of variable rates expose the Group to cash flow interest rate risk. The Group has not hedged its cash flow interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 26.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

At 31 December 2010, 2011 and 2012 and 30 September 2013, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the years ended 31 December 2010, 2011 and 2012, and nine months ended 30 September 2012 and 2013 would have changed as follows:

	Year ended 31 December			**Nine months ended 30 September**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Post-tax profit (decrease)/ increase					
- 100 basis points higher	(13)	(5)	(34)	(26)	(22)
- 100 basis points lower	13	5	34	26	22
Capitalised interest increase/ (decrease)					
- 100 basis points higher	246	579	924	748	595
- 100 basis points lower	(246)	(579)	(924)	(748)	(595)

3.2 ***Capital risk management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowing.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalent and restricted cash). Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt. The gearing ratios at 31 December 2010, 2011 and 2012 and 30 September 2013 were as follows:

	As at 31 December			As at 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total bank borrowing (Note 26)	768,868	1,204,402	1,324,558	1,123,441
Less: cash and cash equivalents and restricted cash (Note 23)	(457,447)	(319,550)	(906,547)	(1,110,979)
Net debt	311,421	884,852	418,011	12,462
Total equity	499,048	664,600	833,928	1,129,771
Total capital	810,469	1,549,452	1,251,939	1,142,233
Gearing ratio	38%	57%	33%	1%

3.3 ***Fair value estimation***

The nominal value less estimated credit adjustments of other receivables, cash and cash equivalents, amounts due from related parties, amounts due from non-controlling interests, trade and other payables and current portion of bank borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments or based on the current bid price in the market.

The table below presents the Group's assets that are measured at fair value through a valuation method. The different levels have been identified as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Input other than quoted prices included within level 1 that are observable for the asset of liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Input for the asset or liability that is not based on observable market data (that is unobservable input) (level 3).

The change in level 3 instruments for the nine months ended 30 September 2013 is presented in Note 21.

If one or more of the significant impacts is not based on observable market date, the instrument is included in level 3. There were no significant transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications. The table below presents the changes in level three instruments for the nine months ended 30 September 2013.

	Nine months ended 30 September 2013
	RMB'000
Additions of financial investment products designated at financial assets at fair value through profit or loss	74,430
Fair value adjustment	—
Closing balance	74,430
Total gains or losses for the period included in profit or loss for assets held at the end of the period	—

4 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 *Development costs directly attributable to property development activities*

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

4.2 ***Provision for impairment of properties held or under development for sale***

The management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

4.3 ***Current taxation and deferred taxation***

The Group is subject to taxation in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

4.4 ***Land appreciation tax***

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

4.5 ***Impairment of other receivables***

The Group assesses whether there is objective evidence that other receivables are impaired. It recognises an impairment loss based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment loss required.

4.6 ***Estimated impairment of goodwill***

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

5 Revenue and segment information

The Executive Directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim and Others.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation, interest income and finance costs and income tax (expenses)/credit from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the Financial Information.

	Greater Western Taiwan Straits Economic Zone	**Central and Western Regions**	**Bohai Economic Rim**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2010					
Total revenue	911,262	617,038	—	—	1,528,300
Inter-segment revenue	—	—	—	—	—
Revenue (from external customers)	911,262	617,038	—	—	1,528,300
Segment results	158,846	124,370	(15,465)	(1,421)	266,330
Depreciation	(2,453)	(38)	(374)	(154)	(3,019)
Interest income	3,158	362	419	1	3,940
Finance costs	(612)	—	—	(1,073)	(1,685)
Income tax (expense)/credit	(81,014)	(46,232)	3,262	—	(123,984)

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2011					
Total revenue	712,885	243,882	399,232	—	1,355,999
Inter-segment revenue	—	—	—	—	—
Revenue (from external customers)	712,885	243,882	399,232	—	1,355,999
Segment results	212,008	(13,768)	(29,629)	(4,580)	164,031
Depreciation	(2,065)	(571)	(583)	(589)	(3,808)
Interest income	1,968	360	314	1	2,643
Finance costs	—	—	—	(637)	(637)
Income tax (expense)/credit	(63,178)	(1,197)	4,379	(272)	(60,268)
Year ended 31 December 2012					
Total revenue	765,749	785,193	—	2,800	1,553,742
Inter-segment revenue	—	—	—	(2,800)	(2,800)
Revenue (from external customers)	765,749	785,193	—	—	1,550,942
Segment results	234,041	134,151	(36,181)	(10,452)	321,559
Depreciation	(1,987)	(589)	(900)	(800)	(4,276)
Interest income	1,983	707	554	52	3,296
Finance costs	(376)	—	—	(3,842)	(4,218)
Income tax (expense)/credit	(107,333)	(57,094)	13,596	(573)	(151,404)
Nine months ended 30 September 2012 (Unaudited)					
Total revenue	744,952	261,577	—	—	1,006,529
Inter-segment revenue	—	—	—	—	—
Revenue (from external customers)	744,952	261,577	—	—	1,006,529
Segment results	239,553	26,259	(23,824)	(15,492)	226,496
Depreciation	(1,391)	(434)	(736)	(604)	(3,165)
Interest income	1,328	494	326	47	2,195
Finance costs	(286)	—	—	(2,901)	(3,187)
Income tax expense	(88,914)	(11,104)	5,901	(19,678)	(113,795)

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2013					
Total revenue	939,329	189,097	1,014,348	3,868	2,146,642
Inter-segment revenue	—	—	—	(3,868)	(3,868)
Revenue (from external customers)	939,329	189,097	1,014,348	—	2,142,774
Segment results	366,137	3,600	252,356	(15,401)	606,692
Depreciation	(1,326)	(428)	(597)	(882)	(3,233)
Interest income	2,377	546	1,329	1,219	5,471
Finance costs	—	—	—	(3,566)	(3,566)
Income tax expense	(164,670)	(15,151)	(114,352)	(37,290)	(331,463)
As at 31 December 2010					
Total segment assets	2,332,944	161,890	1,281,863	3,142	3,779,839
Total segment assets include:					
Investment in a joint venture	94,568	—	—	—	94,568
Other unallocated corporate assets					122
Total assets					3,779,961
Additions to:					
Property, plant and equipment	981	78	550	19	1,628
Prepayment for acquisition of a subsidiary	—	250,000	—	—	250,000
Total segment liabilities	(1,975,356)	(37,657)	(981,946)	(285,954)	(3,280,913)
As at 31 December 2011					
Total segment assets	2,242,695	1,281,760	1,459,993	(129,467)	4,854,981
Total segment assets include:					
Investment in a joint venture	180,488	—	—	—	180,488
Other unallocated corporate assets					1,578
Total assets					4,856,559

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to:					
Property, plant and equipment...	2,601	1,901	1,754	2,036	8,292
Acquisition of a subsidiary					
- Property, plant and equipment	—	2,557	—	—	2,557
- Goodwill............................	—	133,301	—	—	133,301
Total segment liabilities	(2,133,314)	(852,613)	(1,002,099)	(203,933)	(4,191,959)
As at 31 December 2012					
Total segment assets	2,553,293	1,031,288	2,233,920	118,687	5,937,188
Total segment assets include:					
Investment in a joint venture ...	175,158	—	—	—	175,158
Other unallocated corporate assets					4,197
Total assets					5,941,385
Additions to:					
Property, plant and equipment...	867	435	593	3,571	5,466
Total segment liabilities	(2,653,072)	(476,147)	(1,502,091)	(476,147)	(5,107,457)
As at 30 September 2013					
Total segment assets	2,971,066	1,281,951	2,296,532	158,233	6,707,782
Total segment assets include:					
Investment in a joint venture ...	173,549	—	—	—	173,549
Other unallocated corporate assets					3,288
Total assets					6,711,070

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to:					
Property, plant and equipment...	114	328	1,721	431	2,594
Acquisition of property under development	—	—	—	263,770	263,770
Total segment liabilities	(2,825,668)	(769,959)	(1,435,566)	(550,106)	(5,581,299)

Reconciliation of reportable segment results to the consolidated profit before income tax:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Segment results	266,330	164,031	321,559	226,496	606,692
Depreciation	(3,019)	(3,808)	(4,276)	(3,165)	(3,233)
Operating profit	263,311	160,223	317,283	223,331	603,459
Finance costs	(1,685)	(637)	(4,218)	(3,187)	(3,566)
Finance income	3,940	2,643	3,296	2,195	5,471
Profit before income tax	265,566	162,229	316,361	222,339	605,364

6 Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Auditor's remuneration	278	507	490	313	364
Cost of properties sold	1,114,872	1,010,961	1,005,762	622,031	1,302,392
Depreciation of property, plant and equipment (Note 13)	3,019	3,808	4,276	3,165	3,233
Employee benefit expenses (Note 8)	15,687	26,448	26,479	19,710	21,683
Entertainment	5,565	9,330	8,285	5,905	5,160
Marketing and advertising cost	19,079	29,238	42,817	29,260	27,588
Office and travelling expense	7,438	14,010	18,841	12,614	14,225
Business taxes and surcharges	85,184	75,904	87,016	56,366	119,951
Land use and real estate tax	3,222	3,660	7,206	2,761	4,016
Legal and professional fees	276	874	1,633	1,311	6,891
Donation	55	315	2,105	2,095	2,070
Other selling and marketing and general and administrative expenses	9,421	10,075	10,279	7,681	4,109
	1,264,096	1,185,130	1,215,189	763,212	1,511,682

7 Other losses

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss on disposal of property, plant and equipment	—	2,795	909	879	445
	—	2,795	909	879	445

8 Employee benefit expenses

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Salaries and allowances	8,082	19,322	18,073	13,622	13,868
Sale commission and bonuses	3,738	1,602	1,623	1,191	2,617
Pension costs (Note 29)	1,365	2,560	3,420	2,802	3,229
Other staff welfare	2,502	2,964	3,363	2,095	1,969
	15,687	26,448	26,479	19,710	21,683

9 Emoluments for directors and senior management

(a) Directors' and chief executive's emoluments

None of directors or chief executive received any fees or emoluments in respect of their services to the Group during the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013.

(b) Five highest paid individuals

The emoluments payable to the five individuals whose emoluments were the highest in the Group for the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013 are as below.

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Salaries and other short-term benefits	755	1,289	1,210	896	799

The emoluments fell within the band of nil to HK$1,000,000.

During the Relevant Periods, no director or five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, to leave the Group or as compensation for loss of office.

10 Finance income and costs

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest expense on borrowings wholly repayable within five years	26,124	55,194	89,015	72,845	56,925
Interest expense on borrowings wholly repayable after five years	125	117	117	89	74
Less: interest capitalised in qualifying assets	(24,564)	(54,674)	(84,914)	(69,747)	(53,433)
	1,685	637	4,218	3,187	3,566
Interest income from bank deposits	3,940	2,643	3,296	2,195	5,471
Weighted average interest rate on capitalised borrowings (per annum)	5.85%	6.04%	6.83%	6.48%	6.73%

11 Income tax expense

Subsidiaries established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% for the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013.

No provision has been made for Hong Kong profits tax as the companies in HK did not generate any assessable profits for the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013. As at 31 December 2010, 2011, 2012 and as at 30 September 2013, there was no significant unprovided deferred taxation in relation to these HK companies.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current income tax					
PRC corporate income tax	56,852	51,465	101,488	62,617	169,444
PRC land appreciation tax	68,701	21,886	57,785	45,912	120,219
Deferred income tax (Note 17)	(1,569)	(13,083)	(7,869)	5,266	41,800
	123,984	60,268	151,404	113,795	331,463

The tax on the Group's profit before tax differs from the theoretical amount that would arise by applying the statutory tax rate in PRC to profits of the group companies as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before income tax	265,566	162,229	316,361	222,339	605,364
Calculated at PRC Corporate income tax rate of 25%	66,392	40,557	79,091	55,585	151,341
Expenses not deductible for tax purpose	3,756	4,364	11,616	5,920	53,451
Income not subject to taxation	(958)	(6,202)	(15,221)	(5,058)	(3,698)
Unrecognised tax losses	3,264	5,476	9,669	4,257	4,569
Provision for land appreciation tax	68,701	21,886	57,785	45,912	120,219
Tax effect on land appreciation tax	(17,175)	(5,472)	(14,446)	(11,478)	(30,055)
Tax effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	—	—	22,053	18,426	35,767
Others	4	(341)	857	231	(131)
Income tax expense	123,984	60,268	151,404	113,795	331,463

12 Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of the following:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Loss attributable to equity holders of the Company	(24)	—	—	—	(4,996)

13 Property, plant and equipment

	Leasehold improvement	Furniture and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2010				
Cost	1,222	29,313	18,270	48,805
Accumulated depreciation	(1,211)	(26,151)	(9,905)	(37,267)
Net book amount	11	3,162	8,365	11,538
Year ended 31 December 2010				
Opening net book amount	11	3,162	8,365	11,538
Additions	—	535	1,093	1,628
Depreciation	—	(838)	(2,904)	(3,742)
Exchange differences	—	(2)	(3)	(5)
Closing net book amount	11	2,857	6,551	9,419
As at 31 December 2010				
Cost	1,181	29,823	19,349	50,353
Accumulated depreciation	(1,170)	(26,966)	(12,798)	(40,934)
Net book amount	11	2,857	6,551	9,419

	Leasehold improvement	Furniture and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2011				
Opening net book amount	11	2,857	6,551	9,419
Acquisition of a subsidiary (Note 31)	—	150	2,407	2,557
Additions	—	1,978	6,314	8,292
Disposals	—	(320)	(2,475)	(2,795)
Depreciation	—	(875)	(3,624)	(4,499)
Exchange differences	(1)	3	7	9
Closing net book amount	10	3,793	9,180	12,983
As at 31 December 2011				
Cost	1,125	25,531	17,939	44,595
Accumulated depreciation	(1,115)	(21,738)	(8,759)	(31,612)
Net book amount	10	3,793	9,180	12,983
Year ended 31 December 2012				
Opening net book amount	10	3,793	9,180	12,983
Additions	1,701	1,834	1,931	5,466
Disposals	—	—	(909)	(909)
Depreciation	(126)	(1,134)	(3,511)	(4,771)
Exchange differences	—	—	(1)	(1)
Closing net book amount	1,585	4,493	6,690	12,768
As at 31 December 2012				
Cost	2,820	27,325	17,788	47,933
Accumulated depreciation	(1,235)	(22,832)	(11,098)	(35,165)
Net book amount	1,585	4,493	6,690	12,768
Nine months ended 30 September 2013				
Opening net book amount	1,585	4,493	6,690	12,768
Additions	553	1,435	606	2,594
Disposals	(10)	(111)	(324)	(445)
Depreciation	(419)	(860)	(2,155)	(3,434)
Exchange differences	—	(10)	(12)	(22)
Closing net book amount	1,709	4,947	4,805	11,461

	Leasehold improvement	Furniture and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 September 2013				
Cost	3,342	28,625	17,901	49,868
Accumulated depreciation	(1,633)	(23,678)	(13,096)	(38,407)
Net book amount	1,709	4,947	4,805	11,461
(Unaudited)				
Nine months ended 30 September 2012				
Opening net book amount	10	3,793	9,180	12,983
Additions	1,701	1,552	1,868	5,121
Disposals	—	—	(879)	(879)
Depreciation	(31)	(789)	(2,697)	(3,517)
Exchange differences	—	1	5	6
Closing net book amount	1,680	4,557	7,477	13,714
As at 30 September 2012				
Cost	2,829	27,086	17,882	47,797
Accumulated depreciation	(1,149)	(22,529)	(10,405)	(34,083)
Net book amount	1,680	4,557	7,477	13,714

Depreciation charges were capitalised or expensed in the following categories in the consolidated balance sheets and the consolidated income statements:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Properties under development for sale	723	691	495	352	201
Selling and marketing expenses	457	575	—	—	—
General and administrative expenses	2,562	3,233	4,276	3,165	3,233
	3,742	4,499	4,771	3,517	3,434

14 **Goodwill**

	Goodwill
	RMB'000
Year ended 31 December 2010	
Opening net book amount	—
Closing net book amount	—
Year ended 31 December 2011	
Opening net book amount	—
Acquisition of a subsidiary (Note 31)	133,301
Closing net book amount	133,301
Year ended 31 December 2012	
Opening net book amount	133,301
Impairment of goodwill	(12,231)
Closing net book amount	121,070
Nine months ended 30 September 2013	
Opening net book amount	121,070
Impairment of goodwill	(25,579)
Closing net book amount	95,491
(Unaudited)	
Nine months ended 30 September 2012	
Opening net book amount	133,301
Impairment of goodwill	(9,399)
Closing net book amount	123,902

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) in the following phases in Mix Kingdom Redco, the development project in Hefei as follows:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
West phase 1	—	3,917	3,917	3,917
West phase 3	—	13,581	13,581	5,836
West phase 4	—	22,161	22,161	22,161
West phase 5	—	44,682	44,682	44,682
East phase 1A	—	7,062	1,491	1,491
East phase 1B	—	6,806	146	146
East phase 2	—	17,834	17,834	—
East phase 3	—	17,258	17,258	17,258
	—	133,301	121,070	95,491

During the year ended 31 December 2011, the Group acquired a subsidiary, which is engaged in property development in the PRC. The goodwill as a result of those acquisitions is allocated to the various phases which make up the development project. The recoverable amount of all CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are estimated based on sales plan.

The key assumptions used for value-in-use calculations for the year ended 31 December 2011 is as follows:

	West phase 1	West phase 3	West phase 4	West phase 5	East phase 1A	East phase 1B	East phase 2	East phase 3
Sales price per sq.m. (RMB)	4,751	5,200	6,500	5,200	5,062	4,589	6,221	5,200
Construction cost per sq.m. (RMB)	3,000	3,500	4,000	3,500	3,500	3,500	3,500	3,500
Discount rate	12%	12%	12%	12%	12%	12%	12%	12%

The key assumptions used for value-in-use calculations for the year ended 31 December 2012 is as follows:

	West phase 1	West phase 3	West phase 4	West phase 5	East phase 1A	East phase 1B	East phase 2	East phase 3
Sales price per sq.m. (RMB)	4,751	5,200	6,500	5,200	5,062	4,589	6,221	5,200
Construction cost per sq.m. (RMB)	3,000	3,500	4,000	3,500	3,500	3,500	3,500	3,500
Discount rate	12%	12%	12%	12%	12%	12%	12%	12%

The key assumptions used for value-in-use calculations for the period ended 30 September 2013 is as follows:

	West phase 1	West phase 3	West phase 4	West phase 5	East phase 1A	East phase 1B	East phase 2	East phase 3
Sales price per sq.m. (RMB)	4,751	5,200	6,500	5,200	5,062	4,589	6,221	5,200
Construction cost per sq.m. (RMB)	3,000	3,500	4,000	3,500	3,500	3,500	3,500	3,500
Discount rate	12%	12%	12%	12%	12%	12%	12%	12%

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The directors are of the view that there were impairment on goodwill during the year ended 31 December 2012 and for each of the nine months ended 30 September 2012 and 2013 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
West phase 3	—	—	—	—	7,745
East phase 1A	—	—	5,571	2,739	—
East phase 1B	—	—	6,660	6,660	—
East phase 2	—	—	—	—	17,834
	—	—	12,231	9,399	25,579

15 **Investment in a subsidiary, amount due to a subsidiary and non-controlling interests**

The Company

	Year ended 31 December			Nine months ended 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments at cost, unlisted shares (note (a))				
Beginning of the year/period	—	—	—	—
Acquisition of subsidiaries from Shareholders	—	—	—	390,766
End of the year/period	—	—	—	390,766
Amount due to a subsidiary (note (b))	—	—	23	6,450

(a) Details of the principal subsidiaries at 31 December 2010, 2011 and 2012 and 30 September 2013 are set out below.

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2010	2011	2012	30 September 2013	Statutory auditors	Years as auditors
Directly held by the Company												
力高地產控股有限公司	Redco Properties Holdings Limited	23 June 2008	Limited liability company	British Virgin Islands ("BVI")	Investment holding	US$50,000/US$2 (2012: US$1; 2011: US$1; 2010: US$1)	100%	100%	100%	100%	N/A	N/A
Indirectly held by the Company												
力創國際發展有限公司	Power Creation International Development Limited	17 December 2008	Limited liability company	BVI	Investment holding	US$50,000/ US$100	99%	99%	99%	99%	N/A	N/A
富宏控股有限公司	Max Income Holdings Limited	23 May 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
金鼎環球有限公司	Golden Equal Global Limited	13 November 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$100	—	—	51%	51%	N/A	N/A
利達集團有限公司	Maxprofit Globe Holdings Limited	30 May 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$100	—	—	100%	100%	N/A	N/A
力泉國際投資有限公司	Power Spring International Investments Limited	24 September 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
銘高國際控股有限公司	Top Glory International Holdings Limited	24 September 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
匯高投資發展有限公司	Hui Gao Investments Development Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
盛高置業投資有限公司	Top Thrive Real Estates Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
力嘉國際投資有限公司	Li Jia International Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
創高環球投資有限公司	Top Creation Worldwide Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
偉力國際發展有限公司	Wei Li International Developments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2010	2011	2012	30 September 2013	Statutory auditors	Years as auditors
力信國際投資有限公司	Power Success International Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/ US$1	—	—	100%	100%	N/A	N/A
力高集團(香港)有限公司	Redco Holdings (Hong Kong) Co. Limited	13 May 1998	Limited liability company	Hong Kong	Investment holding	HK$500,000/ HK$100,000	100%	100%	100%	100%	PricewaterhouseCoopers ("PwC")	2010, 2011, 2012 & 2013
力盛國際投資有限公司	Power Thrive International Investment Limited	19 January 2009	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	99%	99%	99%	99%	PwC	2010, 2011, 2012 & 2013
力高投資(國際)有限公司	Redco Investment (International) Co. Limited	17 October 2005	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$10,000	50%	50%	50%	50%	Au & Partners	2010, 2011, 2012 & 2013
力高國際(香港)有限公司	Redco International (HK) Limited	8 November 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
興達國際實業有限公司	Bloom Trend International Industrial Limited	19 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
力高實業投資有限公司	Redco Industrial Investment Limited	28 June 2011	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	100%	100%	100%	PwC	2011, 2012 & 2013
達榮國際投資有限公司	Fame Step International Investment Limited	13 January 2011	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	100%	100%	100%	PwC	2011, 2012 & 2013
香港泉高投資有限公司	Hong Kong Spring Top Investments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
香港御高投資有限公司	Hong Kong Royal Lofty Investments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
力高置業(香港)有限公司 (previously known as 香港力深實業有限公司)	Redco Properties (Hong Kong) Company Limited (previously known as Hong Kong Strength Force Industrial Limited)	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
香港濱江實業有限公司	Hong Kong Binjiang Industrial Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
香港榮力發展有限公司	Hong Kong Wing Power Developments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2010	31 December 2011	31 December 2012	30 September 2013	Statutory auditors	Years as auditors
香港力澤投資有限公司	Hong Kong Great Strength Investments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	100%	100%	PwC	2012 & 2013
康利投資(國際)有限公司	Hong Lee Investment (International) Company Limited	26 August 2013	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$1	—	—	—	100%	PwC	2013
江西萬和房地產開發有限公司	Jiangxi Man Wo Property Development Co., Ltd.	24 September 2004	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%	100%	100%	100%	JiangXi XingGan CPA Office Co. Ltd	2010, 2011, 2012 & 2013
江西力高房地產開發有限公司	Jiangxi Redco Property Development Co., Ltd.	20 January 2010	Limited liability company	PRC	Property development in the PRC	RMB100,000,000/ RMB100,000,000	100%	100%	100%	100%	JiangXi XingGan CPA Office CO. Ltd	2010, 2011 & 2012
力高置業(江西)有限公司	Redco Development (Jiangxi) Co., Ltd.	28 December 2005	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$150,000,000/ HK$150,000,000	50%	50%	50%	50%	JiangXi XingGan CPA Office CO. Ltd	2010, 2011 & 2012
合肥富泰房地產開發有限公司	Hefei Futai Property Development Co., Ltd.	23 May 2001	Limited liability company	PRC	Property development in the PRC	RMB60,000,000/ RMB60,000,000	100%	100%	100%	100%	Anhui Xhongan CPA	2010, 2011 & 2012
合肥海祥房地產開發有限公司	Hefei Haixiang Property Development Co., Ltd.	13 June 2002	Limited liability company	PRC	Property development in the PRC	RMB118,000,000/ RMB118,000,000	100%	100%	100%	100%	Anhui Xhongan CPA	2010, 2011 & 2012
長豐聯華置業有限公司	Changfeng Lianhua Real Estate Co., Ltd.	27 June 2005	Limited liability company	PRC	Property development in the PRC	RMB50,750,000/ RMB50,750,000	—	80%	80%	80%	Anhui Xhongan CPA Anhui Yitongyuan CPA	2010 & 2011 2012
山東恒嘉置業有限公司	Shandong Hengjia Real Estate Co., Ltd.	14 December 2005	Limited liability company	PRC	Property development in the PRC	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	ShanDong ZhongMing CPA Co. Ltd	2010, 2011 & 2012
山東力高房地產開發有限公司	Shandong Redco Real Estate Development Co., Ltd.	22 April 2004	Sino-foreign equity joint venture	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%	100%	100%	100%	ShanDong ZhongMing CPA Co. Ltd	2010, 2011 & 2012
泉州市濱江房地產開發有限公司	Binjiang Real Estate Development Co., Ltd. Quanzhou	20 December 2002	Sino-foreign equity joint venture	PRC	Property development in the PRC	RMB13,000,000/ RMB13,000,000	100%	100%	100%	100%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2010	2011	2012	30 September 2013	Statutory auditors	Years as auditors
力高(天津)地產有限公司	Redco (Tianjin) Real Estate Co., Ltd.	2 April 2009	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$490,000,000 (2012: HK$490,000,000; 2011: HK$490,000,000; 2010: HK$100,000,000)/ HK$178,000,500 (2012: HK$178,000,500; 2011: HK$178,000,500; 2010: HK$100,000,000)	99%	99%	99%	99%	Tianjin Ruitai CPA Co. Ltd	2010, 2011 & 2012
咸陽力高房地產開發有限公司	Xianyang Redco Property Development Co., Ltd.	15 June 2012	Limited liability company	PRC	Property development in the PRC	RMB20,000,000/ RMB20,000,000	—	—	70%	70%	ShaanXi Delixin Accountant Office Co. Ltd	2012
江西崇德房地產開發有限公司	Jiang Xi Chong De Real Estate Development Co., Ltd.	28 October 2010	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$80,000,000/ HK$80,000,000	—	—	—	100%	N/A	N/A
煙台力高置業有限公司	Yantai Redco Development Co., Ltd.	9 October 2012	Wholly owned foreign enterprise	PRC	Property development in the PRC	US$22,230,000/ US$nil	—	—	100%	100%	N/A	N/A
煙台力高房地產開發有限公司	Yantai Redco Real Estate Development Co., Ltd.	3 September 2001	Sino-foreign equity joint venture	PRC	Property development in the PRC	US$5,000,000/ US$5,000,000	100%	100%	100%	100%	N/A	N/A
力高集團(福建)有限公司	Redco Group (Fujian) Co., Ltd.	31 December 1996	Sino-foreign equity joint venture	PRC	Property development in the PRC	HK$41,880,000/ HK$41,880,000	100%	100%	100%	100%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012
力高(中國)地產有限公司	Redco (China) Real Estate Co., Ltd.	15 September 2005	Sino-foreign equity joint venture	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%	100%	100%	100%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2010	31 December 2011	31 December 2012	30 September 2013	Statutory auditors	Years as auditors
深圳興居貿易有限公司	Shenzhen Xingju Trading Co., Ltd.	22 February 2012	Limited liability company	PRC	Trading in the PRC	RMB1,000,000/ RMB1,000,000	—	—	100%	100%	ShenZhen Yongxin Ruihe CPA	2012
深圳市今典設計顧問有限公司	Shenzhen Jindian Design Consulting Co., Ltd.	25 May 2012	Limited liability company	PRC	Design consultancy in the PRC	RMB500,000/ RMB500,000	—	—	100%	100%	ShenZhen Yongxin Ruihe CPA	2012
深圳創信工程造價諮詢有限公司	Shenzhen Chuangxin Construction Cost Consulting Co., Ltd.	25 May 2012	Limited liability company	PRC	Construction cost consultancy in the PRC	RMB1,000,000/ RMB1,000,000	—	—	100%	100%	ShenZhen Yongxin Ruihe CPA	2012
泉州市中恒工程建設有限公司 (formerly known as 泉州市力高工程建設有限公司)	Forever China (Quanzhou) Construction Co., Ltd. (formerly known as Redco Engineering Building Co., Ltd. Quanzhou)	6 July 1994	Sino-foreign equity joint venture	PRC	Construction work in the PRC	US$2,460,000/ US$2,460,000	100%	100%	100%	100%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012
福建泉州市力高裝璜有限公司	Quanzhou Ligao Mount Co., Ltd. Fujian	24 December 1992	Sino-foreign equity joint venture	PRC	Decoration project in the PRC	HK$10,000,000/ HK$10,000,000	100%	100%	100%	100%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012
泉州瑞峰房地產發展有限公司	Quanzhou Ruifeng Real Estate Development Co., Ltd.	9 December 1994	Wholly owned foreign enterprise	PRC	Property development in the PRC	US$5,160,000/ US$5,160,000	50%	50%	50%	50%	QuanZhou GongZheng CPA Firm Co. Ltd	2010, 2011 & 2012
江西力嘉實業有限公司	Jiangxi Li Jia Industry Co., Ltd.	29 May 2013	Limited liability company	PRC	Property development in the PRC	RMB2,000,000/ RMB0	—	—	—	65%	N/A	N/A
深圳力高置業有限公司	Shenzhen Redco Real Estate Co, Ltd	26 August 2013	Limited liability company	PRC	Property development in the PRC	RMB10,000,000/ RMB10,000,000	—	—	—	51%	N/A	N/A

Although the Group owns not more than half of the equity interest in Quanzhou Ruifeng Real Estate Development Co., Ltd. ("Quanzhou Ruifeng") and Redco Development (Jiangxi) Co., Ltd. ("Redco Development"), it is able to control more than one half of the voting rights by virtue of the fact that 2 out of 3 and 3 out of 5 directors are elected by the Group, respectively. Consequently, the Group consolidates Quanzhou Ruifeng and Redco Development.

Although the Group owns not more than half of the equity interest in Redco Investment (International) Co., Limited ("Redco Investment"), it is able to control the financing and operating decisions since the Group and the other shareholder agreed that the directors of the Group have the casting vote in the Board of Directors' meeting for resolution of operating and major decisions. Consequently, the Group consolidates Redco Investment.

The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(a) Amount due to a subsidiary is unsecured, interest-free, and repayable on demand. The carrying amount is denominated in RMB and approximates its fair value.

(b) Set out below are the summarised financial information of Redco Development and Quanzhou Ruifeng that have non-controlling interests that are material to the Group.

Summarised balance sheets

	Redco Development			
	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Assets	1,036,672	1,132,500	428,147	427,348
Liabilities	(736,967)	(945,277)	(75,197)	(67,111)
Total current net assets	299,705	187,223	352,950	360,237
Non-current				
Assets	1,045	657	393	283
Liabilities	(140,000)	—	—	—
Total non-current assets	(138,955)	657	393	283
Net assets	160,750	187,880	353,343	360,520

	Quanzhou Ruifeng			
	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Assets	315,173	277,707	262,562	261,818
Liabilities	(70,966)	(27,742)	(13,801)	(13,796)
Total current net assets	244,207	249,965	248,761	248,022
Net assets	244,207	249,965	248,761	248,022

Summarised income statements

	Redco Development				
	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	377,487	111,509	704,267	698,989	23,038
Profit before income tax	63,510	42,131	256,078	251,153	10,779
Income tax expense	(40,992)	(15,003)	(90,614)	(89,103)	(3,602)
Total comprehensive income	22,518	27,128	165,464	162,050	7,177
Profit allocated to non-controlling interests	11,259	13,564	82,732	81,025	3,589

The income statements of the Quanzhou Ruifeng is insignificant to the Group.

Summarised cash flows

	Redco Development			
	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash (used in)/ generated from operating activities	(110,017)	(173,446)	122,588	319
Net cash generated from investing activities	21,467	—	—	—
Net cash generated from/ (used in) financing activities	140,000	(1,000)	(139,000)	—
Net increase/(decrease) in cash and cash equivalents...	51,450	(174,446)	(16,412)	319
Cash and cash equivalent at beginning of year	166,321	217,771	43,325	26,913
Cash and cash equivalent at end of year	217,771	43,325	26,913	27,232

The cash flows of the Quanzhou Ruifeng is insignificant to the Group.

No dividend has been paid or declared by the companies since their incorporation/establishment.

The information above is before inter-company eliminations.

16 **Investment in a joint venture**

Set out below is information on the joint venture of the Group as at 31 December 2010, 2011, 2012 and 30 September 2013, which, in the opinion of the directors, is material to the Group.

(a) **Nature of investment in a joint venture**

Name of entity	Place of establishment/ principal place of business	% of ownership directly held interest 31 December 2010	2011	2012	30 September 2013	Nature of the relationship	Measurement method
Redco Industry (Jiangxi) Co., Limited	PRC	50%	50%	50%	50%	Note 1	Equity

Note 1: Redco Industry (Jiangxi) Co., Limited was a wholly owned foreign enterprise incorporated on 28 July 2010. The principal activity is hotel operations in the PRC.

(b) **Summarised financial information for a joint venture**

Set out below is the summarised financial information of Redco Industry (Jiangxi) Co., Limited which is material to the Group.

Summarised balance sheets

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Cash and cash equivalents	16,379	14,572	28,874	8,685
Other current assets (excluding cash)	7,728	18,780	25,002	48,117
Total current assets	24,107	33,352	53,876	56,802
Financial liabilities (excluding trade payables)	—	—	(4,000)	—
Other current liabilities (including trade payables)	(74,376)	(161,890)	(40,896)	(41,867)
Total current liabilities	(74,376)	(161,890)	(44,896)	(41,867)
Non-current				
Assets	239,404	489,514	385,871	376,164
Financial liabilities	—	—	(44,535)	(44,000)
Net assets	189,135	360,976	350,316	347,099
Net assets attributable to the Group's 50% interest	94,568	180,488	175,158	173,549

Summarised statements of comprehensive loss

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue	—	31,177	88,025	60,726	69,378
Depreciation	—	(7,989)	(19,283)	(27,404)	(14,557)
Operating loss	(1,787)	(14,937)	(7,685)	(18,185)	(62)
Interest income	—	—	—	—	—
Interest expenses	—	(764)	(2,975)	(1,231)	(3,155)
Total comprehensive loss	(1,787)	(15,701)	(10,660)	(19,416)	(3,217)

No dividend has been paid or declared by the joint venture since its establishment.

(c) **Investment in a joint venture**

	Year ended 31 December			Nine months ended 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of the year/period	—	94,568	180,488	175,158
Capital injection	95,461	93,771	—	—
Share of loss	(893)	(7,851)	(5,330)	(1,609)
End of the year/period	94,568	180,488	175,158	173,549

17 **Deferred income tax**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The analysis of deferred tax assets/(liabilities) is as follows:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
- to be recovered within 12 months	—	—	13,917	—
- to be recovered after more than 12 months	3,832	12,759	15,967	22,254
	3,832	12,759	29,884	22,254
Deferred income tax liabilities				
- to be settled within 12 months	—	(39,936)	(7,327)	(67,012)
- to be settled after more than 12 months	—	(12,797)	(54,662)	(29,147)
	—	(52,733)	(61,989)	(96,159)
Deferred tax assets/(liabilities), net	3,832	(39,974)	(32,105)	(73,905)

The movements on the net deferred income tax assets/(liabilities) are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
At beginning of year/period	2,263	3,832	(39,974)	(39,974)	(32,105)
Credited/(charged) to the consolidated income statements (Note 11)	1,569	13,083	7,869	(5,266)	(41,800)
Acquisition of a subsidiary (Note 31)	—	(56,889)	—	—	—
At end of year/period	3,832	(39,974)	(32,105)	(45,240)	(73,905)

Deferred tax assets:

	Tax losses				
	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
At beginning of year/period	2,263	3,832	12,759	12,759	29,884
Credited/(charged) to the consolidated income statements	1,569	8,927	17,125	8,688	(7,630)
At end of year/period	3,832	12,759	29,884	21,447	22,254

Deferred tax liabilities:

	Fair value gain on acquisition of a subsidiary	Interest capitalised	Withholding Tax	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	—	—	—	—
Charged to consolidated income statements	—	—	—	—
Acquisition of a subsidiary	—	—	—	—
At 31 December 2010	—	—	—	—
At 1 January 2011	—	—	—	—
(Credited)/charged to consolidated income statements	(4,973)	817	—	(4,156)
Acquisition of a subsidiary (Note 31)	56,889	—	—	56,889
At 31 December 2011	51,916	817	—	52,733
At 1 January 2012	51,916	817	—	52,733
(Credited)/charged to consolidated income statements	(14,662)	1,865	22,053	9,256
At 31 December 2012	37,254	2,682	22,053	61,989
At 1 January 2013	37,254	2,682	22,053	61,989
(Credited)/charged to consolidated income statements	(3,121)	1,523	35,768	34,170
At 30 September 2013	34,133	4,205	57,821	96,159
(Unaudited)				
At 1 January 2012	51,916	817	—	52,733
(Credited)/charged to consolidated income statements	(4,907)	434	18,427	13,954
At 30 September 2012	47,009	1,251	18,427	66,687

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2010, 2011 and 2012 and 30 September 2013, the unrecognised tax losses are as follows:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unrecognised tax losses..........	80,007	93,632	107,201	119,301

Tax losses of approximately RMB5,716,000, RMB10,065,000, RMB13,622,000 and RMB16,667,000 for the years ended 31 December 2010, 2011, 2012 and nine months ended 30 September 2013 respectively have no expiry date while the remaining tax losses of approximately RMB74,291,000, RMB83,567,000, RMB93,579,000 and RMB102,634,000 for the years ended 31 December 2010, 2011, 2012 and nine months ended 30 September 2013 respectively will be expired five years after the relevant accounting period end date.

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately RMB33,129,000, RMB45,087,000, RMB45,087,000 and RMB45,087,000 for the years ended 31 December 2010, 2011, 2012 and nine months ended 30 September 2013 respectively have not been provided for in the consolidated balance sheets in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

18 Completed properties held for sale

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount comprised:				
Land use rights.....................	66,440	94,803	47,112	135,965
Construction costs and capitalised expenditures.....	534,609	674,553	246,810	404,213
Interest capitalised...............	18,190	18,326	7,749	68,422
	619,239	787,682	301,671	608,600

Completed properties held for sale are all located in the PRC.

19 **Properties under development for sale**

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within normal operating cycle included under current assets				
Amount comprised:				
Land use rights	1,031,191	1,398,187	1,404,476	1,472,121
Construction costs and capitalised expenditures ...	679,194	983,130	1,853,321	1,977,160
Interest capitalised...............	7,534	53,789	129,013	115,726
	1,717,919	2,435,106	3,386,810	3,565,007

The properties under development for sale are all located in the PRC.

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development for sale:				
Expected to be completed and available for sale after more than 12 months....................	1,087,295	2,340,963	1,324,651	1,694,769
Expected to be completed and available for sale within 12 months	630,624	94,143	2,062,159	1,870,238
	1,717,919	2,435,106	3,386,810	3,565,007
Pledged as collateral for the Group's borrowings	404,040	1,245,745	1,965,176	3,114,629

20 **Other receivables, deposits and prepayments**

The Group

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Prepayment for acquisition of a subsidiary	250,000	—	—	—
Current assets				
Other receivables	28,560	79,717	97,625	76,383
Deposits with local real estate associations (a)	73,624	86,796	130,793	193,035
Deposits with labour department	5,787	4,633	4,916	3,500
Deposits with treasury bureau	7,323	5,635	4,049	3,786
	115,294	176,781	237,383	276,704
Prepaid business tax and surcharges	94,154	127,739	167,324	215,435
Prepayment for construction cost	152,811	201,756	67,808	60,055
Prepayment for land use rights	—	—	80,000	73,862
	362,259	506,276	552,515	626,056

The Company

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	—	—	23	1,475
	—	—	23	1,475

(a) The deposits with local real estate associations, which included deposits with Jinan Real Estate Association (濟南市房地產業協會) in connection with the issue of pre-sale permit as required by the relevant regulations in respect of our property development projects in Jinan.

(b) The fair values of other receivables, deposits and prepayments approximate their carrying amounts and are unsecured, interest free and repayable on demand.

(c) The carrying amounts of the Group's other receivables, deposits and prepayments are denominated in the following currencies:

The Group

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	362,244	505,536	550,864	623,306
HK$	15	740	1,651	2,750
	362,259	506,276	552,515	626,056

(d) The carrying amounts of the Company's prepayments are denominated in HK$.

21 **Financial assets at fair value through profit and loss**

The movement in financial assets at fair value through profit and loss is summarised as follows:

	Year ended 31 December			Nine months ended 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of the year/period	—	—	—	—
Additions of financial investment products	—	—	—	74,430
End of the year/period	—	—	—	74,430

The financial investment products are designated as financial assets at fair value through profit and loss and are unlisted, denominated in RMB and linked to the money and debenture market.

22 **Term deposits with initial terms of over three months**

The weighted average effective interest rate of the Group's term deposits with initial terms of over three months as at 30 September 2013 was 3.25% per annum. The fair value of the Group's term deposits approximate the carrying amounts of the deposits. These balances are denominated in RMB.

23 **Cash and cash equivalents and restricted cash**

	As at 31 December			As at 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	364,665	228,621	703,697	965,058
Restricted cash	92,782	90,929	202,850	145,921
Cash and cash equivalents and restricted cash	457,447	319,550	906,547	1,110,979

The carrying amounts of the Group's cash and cash equivalents and restricted cash are equivalent to their fair values and denominated in the following currencies:

	As at 31 December			As at 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	453,195	311,497	795,736	1,053,310
HK$	4,252	8,053	6,172	18,726
US$	—	—	104,639	38,943
	457,447	319,550	906,547	1,110,979

The cash and cash equivalents and restricted cash denominated in RMB are deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Restricted cash comprises (i) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, and (ii) other bank deposits that are restricted in use for daily operational needs.

24 **Share capital**

	Number of share	Par value (HK$0.1 per share)
		HK$
Authorised:		
As at 1 January 2010, 31 December 2010, 31 December 2011, 31 December 2012 and 30 September 2013	3,800,000	380,000
Issued and fully paid:		
As at 1 January 2010, 31 December 2010, 31 December 2011 and 31 December 2012	100	10
Issuance of ordinary shares (Note)	100	10
As at 30 September 2013	200	20

Note:

On 29 July 2013, an additional 60 and 40 ordinary shares at par value of HK$0.1 each were allotted and issued to Global Universe and Times International to reflect the Reorganisation. The excess of net book amount of 100% equity interest in Redco HK of approximately HK$493,828,000 (equivalent to approximately RMB390,766,000) over par value of share issued of HK$20 was credited to contribution surplus, amounting to approximately HK$493,828,000 (equivalent to approximately RMB390,766,000).

25 **Reserves**

The Group

	Retained earnings	Exchange reserve	Statutory reserve	Merger reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	25,393	52,502	33,365	134,402	245,662
Profit for the year	117,535	—	—	—	117,535
Other comprehensive income:					
Currency translation differences	—	9,136	—	—	9,136
Transfer to statutory reserve	(9,006)	—	9,006	—	—
Total comprehensive income	108,529	9,136	9,006	—	126,671

	Retained earnings	Exchange reserve	Statutory reserve	Merger reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2010	133,922	61,638	42,371	134,402	372,333
Profit for the year	85,420	—	—	—	85,420
Other comprehensive income:					
Currency translation differences	—	24,442	—	—	24,442
Transfer to statutory reserve	(28,572)	—	28,572	—	—
Total comprehensive income	56,848	24,442	28,572	—	109,862
At 31 December 2011	190,770	86,080	70,943	134,402	482,195
Profit for the year	65,771	—	—	—	65,771
Other comprehensive income:					
Currency translation differences	—	(1,708)	—	—	(1,708)
Transfer to statutory reserve	(26,152)	—	26,152	—	—
Total comprehensive income	39,619	(1,708)	26,152	—	64,063
At 31 December 2012	230,389	84,372	97,095	134,402	546,258
Profit for the period	270,078	—	—	—	270,078
Other comprehensive income:					
Currency translation differences	—	21,799	—	—	21,799
Total comprehensive income	270,078	21,799	—	—	291,877
At 30 September 2013	500,467	106,171	97,095	134,402	838,135

	Retained earnings	Exchange reserve	Statutory reserve	Merger reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	190,770	86,080	70,943	134,402	482,195
Profit for the period (Unaudited)	32,806	—	—	—	32,806
Other comprehensive income:					
Currency translation differences (Unaudited)	—	(6,653)	—	—	(6,653)
Total comprehensive income (Unaudited)	32,806	(6,653)	—	—	26,153
At 30 September 2012 (Unaudited)	223,576	79,427	70,943	134,402	508,348

The Company

	Contribution surplus	Exchange reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	—	—	—	—
Total loss and comprehensive loss for the year	—	—	(24)	(24)
At 31 December 2010	—	—	(24)	(24)
Total loss and comprehensive loss for the year	—	1	—	1
At 31 December 2011	—	1	(24)	(23)
Total loss and comprehensive loss for the year	—	—	—	—
At 31 December 2012	—	1	(24)	(23)
Total loss and comprehensive loss for the period	—	22	(4,996)	(4,974)
Issuance of ordinary shares	390,766	—	—	390,766
At 30 September 2013	390,766	23	(5,020)	385,769

26 **Bank borrowings, secured**

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term bank borrowings, secured	520,300	881,960	846,000	795,000
Portion of term loan from bank				
- due for repayment within one year, secured	50,000	12,161	112,098	11,870
- due for repayment within one year which contain a repayment on demand clause, secured	38,973	653	660	19,647
- due for repayment after one year which contain a repayment on demand clause, secured	9,595	170,628	149,740	117,924
Short-term bank borrowings, secured	150,000	139,000	216,060	179,000
Current bank borrowings, secured	248,568	322,442	478,558	328,441
Total bank borrowings	768,868	1,204,402	1,324,558	1,123,441

Bank borrowings are secured by certain properties under development held for sale and properties held by a director. Bank borrowings mature from 2012 to 2024, and bear interest from 1.20% to 9.57% per annum during the Relevant Periods.

The security over the properties held by a director would be released and replaced by corporate guarantee to be provided by the Company upon Listing.

The amounts based on the scheduled repayment dates set out in the loan agreements and the maturities of the Group's and the Company's total borrowings at the respective balance sheet dates (i.e. ignoring the effect of any repayment on demand clause) are shown below:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts of borrowings that are repayable:				
- Within 1 year	238,973	151,814	328,818	210,517
- Between 1 and 2 years	140,686	522,623	405,704	795,664
- Between 2 and 5 years	382,414	524,879	584,975	112,824
- After 5 years	6,795	5,086	5,061	4,436
	768,868	1,204,402	1,324,558	1,123,441

The carrying amounts of the Group's bank borrowings approximate their fair values and are denominated in the following currencies:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	720,300	1,020,960	1,162,060	974,000
HK$	48,568	183,442	162,498	149,441
	768,868	1,204,402	1,324,558	1,123,441

27 **Trade and other payables**

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	638,474	849,049	563,871	814,587
Accruals and other payables	70,646	100,031	112,806	187,711
	709,120	949,080	676,677	1,002,298

The ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	628,270	838,714	550,676	796,154
31-60 days	2,766	3,143	3,398	3,414
61-90 days	3,819	1,275	2,728	6,923
Over 90 days	3,619	5,917	7,069	8,096
	638,474	849,049	563,871	814,587

The carrying amounts of the Group's trade and other payables approximate their fair values due to their short maturity and are denominated in the following currencies:

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	708,247	947,875	655,999	1,001,948
HK$	873	1,205	20,678	350
	709,120	949,080	676,677	1,002,298

28 **Receipts in advance**

The Group starts sales of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advanced proceeds received from customers before relevant sales are recognised.

29 **Pension cost — Defined Contribution Plan**

Employees in the Group's PRC subsidiaries are required to participate in a defined retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, subject to a ceiling of HK$1,250 per month per head.

Details of the retirement scheme contributions, which have been dealt with in the consolidated income statements of the Group, are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Gross scheme contributions	1,365	2,560	3,420	2,802	3,229

30 **Note to consolidated statement of cash flows**

Reconciliation of profit for the year/period to net cash (used in)/generated from operations:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit for the year/period	141,582	101,961	164,957	108,544	273,901
Income tax expense	123,984	60,268	151,404	113,795	331,463
Depreciation on property, plant and equipment	3,019	3,808	4,276	3,165	3,233
Finance income	(3,940)	(2,643)	(3,296)	(2,195)	(5,471)
Finance costs	1,685	637	4,218	3,187	3,566
Loss on disposal of property, plant and equipment	—	2,795	909	879	445
Share of loss from joint venture	893	7,851	5,330	9,708	1,609
Impairment of goodwill	—	—	12,231	9,399	25,579
Exchange differences	10,350	24,471	(1,181)	(667)	23,714
Operating profit before working capital change	277,573	199,148	338,848	245,815	658,039
Completed properties held for sale	552,203	(101,543)	486,011	432,392	(306,929)
Properties under development for sale	(636,818)	(47,723)	(866,295)	(715,991)	(124,563)
Other receivables and prepayments	(344,493)	160,977	(46,239)	(19,713)	(73,541)
Receipts in advance	(223,042)	241,505	856,821	746,147	242,164
Trade and other payables	(117,426)	25,550	(272,400)	(171,628)	325,621
Net cash (used in)/generated from operations	(492,003)	477,914	496,746	517,022	720,791

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Net book amount	—	2,795	909	879	445
Net loss on disposals of property, plant and equipment	—	(2,795)	(909)	(879)	(445)
Proceeds from disposals of property, plant and equipment	—	—	—	—	—

31 **Business combination**

During the year ended 31 December 2011, the Group completed the acquisition of 80% equity interest of Changfeng Lianhua Zhiye Co. Ltd (長豐聯華置業有限公司)("Changfeng").

The following table summarises the consideration paid for Changfeng, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'000
Cash consideration	290,963
Add: Non-controlling interest	39,415
Less: Goodwill (Note (a))	(133,301)
Fair value of identifiable net assets	197,077

	Fair values	Carrying amounts
	RMB'000	*RMB'000*
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	2,557	2,557
Properties under development for sale	614,100	402,844
Completed properties held for sale	66,900	50,600
Amounts due from shareholders	32,436	32,436
Other receivables, deposits and prepayments	22,558	22,558
Cash and cash equivalents	77,052	77,052
Restricted cash	15,638	15,638
Bank borrowings	(22,800)	(22,800)
Receipts in advance	(314,818)	(314,818)
Trade and other payables	(214,408)	(214,408)
Income tax liabilities	(25,249)	(25,249)
Deferred income tax liabilities	(56,889)	—
Total identifiable net assets	197,077	26,410

The revenue included in the consolidated income statements for the period from 1 January 2011 to 31 December 2011 contributed by this newly acquired business was approximately RMB184,141,000 and it also contributed loss of approximately RMB5,841,000 for the period from 1 January 2011 to 31 December 2011.

Purchase consideration settled in cash	290,963
Cash and cash equivalent in the subsidiary acquired	(77,052)
Net cash outflow on acquisition	213,911

Note (a) The above goodwill represents Changfeng's strong position in marketing and in the property market.

32 **Acquisition of properties under development for sale**

During the nine months ended 30 September 2013, the Group completed the acquisition of 100% equity interest of Maxprofit Globe Holdings Limited (利達集團有限公司) ("Maxprofit"). At the time of the acquisition, Maxprofit held 100% equity interest in Bloom Trend International Industrial Limited which held 100% equity interest in Jiang Xi Chong De Real Estate Development Co., Ltd. which holds the land use rights of Bluelake County in Nanchang. Before the acquisition by the Group, Maxprofit had no business activities except for indirectly holding the land use rights through its subsidiaries. Accordingly, their activities did not constitute a business and the Group's intention of such acquisition was to acquire the land use rights for future property developments. Accordingly, such acquisition was accounted for as if it was an acquisition of the underlying land use rights and the cash flows were presented within the operating activities in the consolidated statement of cash flows.

The allocation of acquisition consideration are as follows:

	At the date of acquisition
	RMB'000
Properties under development for sale	263,770
Fair value of net assets	263,770
Purchase consideration settled in cash	263,770
Consideration payable	(60,000)
Net cash outflow on acquisition	203,770

33 Capital commitments

	As at 31 December			As at 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for:				
Land	—	—	84,058	1,093,002
Property development expenditures	2,055,875	1,861,960	1,431,558	1,281,068
	2,055,875	1,861,960	1,515,616	2,374,070

The Group's share of commitments of the joint venture (Note 16) is approximately RMB269,422,000, RMB91,251,000, nil and nil as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

34 **Financial guarantees and contingent liabilities**

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of each of the following reporting periods:

	As at 31 December			As at 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	42,480	429,314	831,256	1,192,575

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure the obligations of such purchasers for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and their obligations are well covered by the value of the properties and therefore the total fair value of the financial guarantees is immaterial.

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 26) as at 31 December 2010, 2011 and 2012 and 30 September 2013. The directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

35 **Banking facilities and pledge of assets**

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the Group had aggregate banking facilities of approximately RMB968,900,000, RMB1,663,900,000, RMB2,331,900,000 and RMB2,337,940,000 respectively for overdrafts, bank loans and trade financing. Unused facilities as at the same dates amounted to approximately RMB200,032,000, RMB459,498,000, RMB1,007,342,000 and RMB1,077,499,000.

These facilities are secured by:

(i) joint and several guarantee provided by Wong Yeuk Hung and Huang Ruoqing, the directors of the Company and certain directors of the Group's subsidiaries;

(ii) financial assets at fair value through profit and loss of RMB74,430,000 as at 30 September 2013;

(iii) properties held by Wong Yeuk Hung, the director of the Company; and

(iv) certain properties under development held for sale provided by the Group's subsidiaries.

The above financial guarantee provided by Wong Yeuk Hung and Huang Ruoqing and security over the properties held by Wong Yeuk Hung would be released and replaced by corporate guarantee to be provided by the Company upon Listing.

36 **Earnings per share**

The basic earnings per share for each of the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013 is calculated based on the profit attributable to the equity holders of the Company.

	Year ended 31 December			**Nine months ended 30 September**	
	2010	**2011**	**2012**	**2012**	**2013**
				(Unaudited)	
Profit attributable to equity holders of the Company (RMB'000)	117,535	85,420	65,771	32,806	270,078
Weighted average number of shares in issue	200	200	200	200	200
Basic earnings per share (RMB'000)	587.7	427.1	328.9	164.0	1,350.4

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the Relevant Periods.

The basic earnings per share and diluted earnings per share as presented on the consolidated income statements have not taken into account the proposed capitalisation issue pursuant to the Shareholders' resolution dated 14 January 2014 because the proposed capitalisation issue has not become effective as of the date of this report.

37 Related party transactions

The Group is controlled by Wong Yeuk Hung and Huang Ruoqing, which owns 60% and 40% of the Company's shares respectively.

The amounts due from/(to) related parties, joint venture, non-controlling interests and directors and shareholders are unsecured, interest-free, repayable on demand. The fair values approximate their carrying values denominated in RMB.

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
Redco Industry (Jiangxi) Co., Ltd. 力高實業(江西)有限公司	A joint venture
Fujian Qunsheng Group Co., Ltd. 福建群盛集團有限公司	A non-controlling interest of a subsidiary
Chen Huaimei 陳懷美	A non-controlling interest of a subsidiary
Cheng Ming-Kam 鄭銘坤	A non-controlling interest of a subsidiary
Top Plan (HK) Limited 泰平(香港)有限公司	A non-controlling interest of a subsidary
Fujian Hui Gao Investments Co., Ltd (Formerly known as Fujian Redco Property Development Co., Ltd) 福建匯高投資有限公司 (Formerly known as 福建力高房地產開發公司)	A company controlled by Mr. Huang
Quanzhou Sunshine Paris Commercial Club Company Ltd 泉洲陽光巴黎商務會所有限公司	A company controlled by Mr. Huang
Yantai Mingshi Club Company Ltd 煙台名仕會所有限公司	A company controlled by Mr. Huang
Hefei Redco Asset Operation Management Co., Ltd. 合肥力高資產經營管理有限公司	A company controlled by Mr. Huang
*Wong Yeuk Hung 黃若虹	A major shareholder and director of the Group
Huang Ruoqing 黃若青	A major shareholder and director of the Group

* On 14 January 2014, Mr. Wong was resigned from the Board of Directors.

(a) **Balances with related parties**

The amounts due from/(to) related parties, non-controlling interests and directors and shareholders are subject to offsetting, legally enforceable master netting arrangements and similar agreements as shown below:

The Group	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 September 2013	Nature
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Amounts due from related parties					
- Hefei Redco Asset Operation Management Co., Ltd.	16,170	33,557	21,553	12,957	Trade and Non-trade
- Fujian Hui Gao Investment Co., Ltd. (Formerly known as Fujian Redco Property Development Co., Ltd.)	67,122	66,912	68,512	68,532	non-trade
	83,292	100,469	90,065	81,489	

	Maximum debit balance during the year 2010	Maximum debit balance during the year 2011	Maximum debit balance during the year 2012	Maximum debit balance during the period ended 30 September 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
- Hefei Redco Asset Operation Management Co., Ltd	16,170	33,557	26,553	17,957
- Fujian Hui Gao Investment Co., Ltd (formerly known as Fujian Redco Property Development Co., Ltd)	178,679	78,479	78,479	78,499
- Quanzhou Sunshine Paris Commercial Club Company Ltd	—	17,000	—	—
	194,849	129,036	105,032	96,456

The Group	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 September 2013	Nature
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Amount due to a related party					
- Quanzhou Sunshine Paris Commercial Club Company Ltd	1,094	1,094	1,094	1,094	Non-trade
Amounts due from non-controlling interests					
- Top Plan (HK) Limited	135,615	215,615	247,615	171,615	Non-trade
- Cheng Ming-Karn	—	—	200	200	Cash advance
- Fujian Qunsheng Group Co., Ltd.	—	—	19,997	19,997	Non-trade
	135,615	215,615	267,812	191,812	
Amounts due to non-controlling interests					
- Top Plan (HK) Limited	50,272	19,933	32,710	33,217	Non-trade
- Chen Huaimei	—	—	14,000	32,000	Non-trade
	50,272	19,933	46,710	65,217	
Amounts due (to)/from shareholders and directors					
- Wong Yeuk Hung	(219,674)	50,551	(96,850)	(56,252)	Non-trade
- Huang Ruoqing	(146,449)	33,700	(64,566)	(37,501)	Non-trade
	(366,123)	84,251	(161,416)	(93,753)	

Gross amounts of recognised financial assets and financial liabilities set off in the consolidated balance sheet are:

	2010	2011	2012	2013	Nature
Amounts due from related parties					
- Hefei Redco Asset Operation Management Co., Ltd	16,170	33,557	26,553	17,957	Trade and non-trade
- Fujian Hui Gao Investment Co., Ltd (Formerly known as Fujian Redco Property Development Co., Ltd.)	78,679	78,479	78,479	78,499	Non-trade
- Quanzhou Sunshine Paris Commercial Club Company Ltd	—	17,000	—	—	Non-trade
	94,849	129,036	105,032	96,456	

The Group	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 September 2013	Nature
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Amounts due to related parties					
- Hefei Redco Asset Operation Management Co., Ltd.	—	—	5,000	5,000	Trade and non-trade
- Fujian Hui Gao Investment Co., Ltd. (Formerly known as Fujian Redco Property Development Co., Ltd.)	11,557	11,567	9,967	9,967	Non-trade
- Quanzhou Sunshine Paris Commercial Club Company Ltd	1,094	18,094	1,094	1,094	Non-trade
	12,651	29,661	16,061	16,061	
Amounts due from non-controlling interests					
- Top Plan (HK) Limited	135,615	215,615	247,615	171,615	Non-trade
- Cheng Ming-karn	—	—	200	200	Non-trade
- Fujian Qunsheng Group Co., Ltd.	—	—	19,997	19,997	Non-trade
	135,615	215,615	267,812	191,812	
Amounts due to non-controlling interests					
- Top Plan (HK) Limited	50,272	19,933	32,710	33,217	Non-trade
- Chen Huaimei	—	—	14,000	32,000	Non-trade
	50,272	19,933	46,710	65,217	
Amounts due (to)/from shareholders and directors					
- Wong Yeuk Hung	(219,674)	50,551	(96,850)	(56,252)	Non-trade
- Huang Ruoqing	(146,449)	33,700	(64,566)	(37,501)	Non-trade
	(366,123)	84,251	(161,416)	(93,753)	

The Company	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 September 2013	Nature
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Amounts due to shareholders and directors					
- Wong Yeuk Hung	24	23	23	22	Non-trade
Amount due to a subsidiary					
- Redco HK	—	—	23	6,450	Non-trade

(b) **Key management compensation**

Key management includes directors and top management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Salaries, bonus and other benefits	272	614	668	542	564
Pension costs - defined contribution plan	21	63	90	65	86
	293	677	758	607	650

(c) **Transactions with related parties**

During the year, the Group had the following transaction with its related parties:

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Sale of properties to a related party					
Hefei Redco Asset Operation Management Co., Ltd.	—	17,457	—	—	—

The transaction was carried out in the normal course of the Company's business and based on term as agreed between the transacting parties.

Save as disclosed above and the transactions and balances detailed in notes 15 and 35 to the Financial Information, the Group had no material transactions and outstanding balances with related parties during the years ended 31 December 2010, 31 December 2011 and 31 December 2012 and nine months ended 30 September 2012 and 2013.

38 **Dividends**

No dividends have been paid or declared by the Company since its incorporation or the companies now comprising the Group during each of the years ended 31 December 2010, 2011 and 2012, and each of the nine months ended 30 September 2012 and 2013.

On 14 January 2014, the board of directors of the Company approved to declare a special dividend of RMB750,000 per ordinary share, totalling RMB150,000,000 to its then shareholders. All dividends were paid on 15 January 2014.

39 **Subsequent events**

After 30 September 2013, the Group disposed its entire interests in Redco Group (Fujian) Co., Ltd., Quanzhou Ruifeng Real Estate Development Co., Ltd., Yantai Redco Real Estate Development Co., Ltd., Binjiang Real Estate Development Co., Ltd. Quanzhou, Quanzhou Ligao Mount Co., Ltd. Fujian and Forever China (Quanzhou) Construction Co., Ltd. to its related companies and independent third parties at total consideration of approximately RMB259,048,000.

III SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2013 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2013.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the accountant's report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountant's report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to owners of our Company as at 30 September 2013.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 30 September 2013 or at any future dates after the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group as at 30 September 2013 as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets do not form part of the Accountant's Report.

	Audited consolidated net tangible assets attributable to equity holders of the Company as at 30 September 2013	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company as at 30 September 2013	Unaudited pro forma adjusted net tangible assets per share	Unaudited pro forma adjusted net tangible assets per share
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$*
Based on the Offer Price of HK$2.10 per share	742,644	606,449	1,349,093	0.84	1.07
Based on the Offer Price of HK$2.60 per share	742,644	757,834	1,500,478	0.94	1.19

Notes:

(1) The audited consolidated net tangible assets attributable to equity holders of the Company as at 30 September 2013 is extracted from the section headed "Appendix I — Accountant's Report" in this prospectus, which is based on the audited consolidated net assets of the Group attributable to equity holders of the Company as at 30 September 2013 of approximately RMB838,135,000 with an adjustment for the intangible assets as at 30 September 2013 of approximately RMB95,491,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$2.10 per share and HK$2.60 per share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be alloted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Schemes, any shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate and the Repurchase Mandate.

(3) The unaudited pro forma net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,600,000,000 Shares are in issue assuming that the Global Offering and the Capitalisation Issue have been completed on 30 September 2013, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Schemes, any shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate and Repurchase Mandate.

(4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2013. In particular, the unaudited pro forma adjusted net tangible assets of the Group do not take into account the dividend of approximately RMB150 million declared by the Group on 14 January 2014, which was paid in full on 15 January 2014 to the then shareholders. The unaudited pro forma net tangible assets per share would have been HK$0.95 and HK$1.07 per share based on the Offer Price of HK$2.10 and HK$2.60 respectively, after taking into account the declaration of such dividend.

(5) For the purpose of the estimated net proceeds from the Global Offering, the translation of RMB into HK$ was at the rate of RMB1.00000 to HK$0.78601.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following is an illustrative and unaudited pro forma estimated earnings per Share of our Company which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2013. This unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ended 31 December 2013 or any future period.

Estimated consolidated profit attributable to equity holders of the Company for the year ended 31 December 2013 (the "Profit Estimate")(1)	Not less than RMB400.0 million (approximately HK$508.9 million)
Unaudited pro forma estimated earnings per Share(2)	Not less than RMB0.25 (approximately HK$0.32)

Notes:

(1) The estimated consolidated profit attributable to equity holders of the Company for the year ended 31 December 2013 is extracted from the section entitled "Financial Information — Profit Estimate for 2013" in this prospectus. The bases on which the Profit Estimate has been prepared are summarised in the section entitled "Appendix III — Profit Estimate" in this prospectus. The Directors have prepared the estimated consolidated profit attributable to equity holders of the Company for the year ended 31 December 2013 based on our audited consolidated result for the nine months ended 30 September 2013 and the estimate of the consolidated results for the remaining three months ended 31 December 2013. The Profit Estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the section entitled "Appendix I — Accountant's Report" in this prospectus.

(2) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated consolidated profit attributable to the equity holders of the Company for the year ended 31 December 2013, assuming that the Company had been listed since 1 January 2013 and a total of 1,600,000,000 Shares to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering were issued and outstanding during the entire period. The calculation takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment, and any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, any shares which may be allotted and issued or repurchased by the Company pursuant to a general mandate and the Repurchase Mandate.

C. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

TO THE DIRECTORS OF REDCO PROPERTIES GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Redco Properties Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 September 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-3 in Appendix II of the Company's prospectus dated 21 January 2014, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in pages II-1 to II-3.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 September 2013 as if the proposed initial public offering had taken place at 30 September 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 30 September 2013, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 September 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 21 January 2014

The estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2013 is set out in the section headed "Financial information — Profit estimate" in this prospectus.

A. BASES

The Directors have prepared the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2013 (the "Profit Estimate") on the basis of the audited consolidated results of the Group for the nine months ended 30 September 2013 and an estimate of the results of our Group for the remaining three months ending 31 December 2013. The profit estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set out in Note 2 of Section II in Appendix I to this prospectus.

B. LETTER FROM THE REPORTING ACCOUNTANT

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

21 January 2014

The Directors
Redco Properties Group Limited
ICBC International Capital Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the consolidated profit attributable to equity holders of Redco Properties Group Limited (the "Company") for the year ended 31 December 2013 (the "Profit Estimate") as set out in the subsection headed "Profit Estimate" in the section headed "Financial information" in the prospectus of the Company dated 21 January 2014 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the nine months ended 30 September 2013 and an estimate of the consolidated results of the Group for the remaining three months ended 31 December 2013 on the basis that the current Group structure had been in existence throughout the whole financial year ended 31 December 2013.

In our opinion, the Profit Estimate, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases made by the directors of the Company as set out on page III-1 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in Note 2 of section II of the Financial Information section in Appendix I of the Prospectus.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor, in connection with the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2013.

ICBC 工银国际

ICBC International Capital Limited
37th Floor, ICBC Tower
3 Garden Road
Central
Hong Kong

21 January 2014

The Board of Directors
Redco Properties Group Limited

Dear Sirs,

We refer to the consolidated profit attributable to equity holders of Redco Properties Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2013 (the "**Profit Estimate**") as set out in the prospectus issued by the Company dated 21 January 2014 (the "**Prospectus**").

The Profit Estimate, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared by the Directors based on the audited consolidated results of the Group for the nine months ended 30 September 2013 and an estimate of the consolidated results for the remaining three months of the financial year ended 31 December 2013.

We have discussed with you the bases and assumptions, as set out in Appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated 21 January 2014 addressed to you and us from PricewaterhouseCoopers regarding the calculations and accounting policies upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
ICBC International Capital Limited

Danny Lee	**Vincent Wong**
Managing Director	*Executive Director*

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the properties of the Group as at 31 December 2013.

savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
Redco Properties Group Limited
Room 2001-02, Enterprise Square 3
39 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

21 January 2014

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") and Hong Kong in which Redco Properties Group Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31 December 2013 (the "date of valuation") for incorporation in a Public Offering Document.

BASIS OF VALUATION

Our valuation of each of the properties is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

For properties owned by the subsidiaries of the Company in which the Group has an attributable interest of less than 100%, the Group's interest in the aggregate market value of the properties is equal to its proportionate attributable interest in such properties.

PROPERTY CATEGORISATION AND VALUATION METHODOLOGY

In valuing the properties in Group I (excluding the hotel portion of Property No. 2), which are held by the Group for sale or owner occupation in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

In valuing the hotel portion of Property No. 2, we have valued such property as ongoing hotel operation in its existing state.

In valuing the properties in Groups II and III, which are held by the Group under development or for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

In valuing the properties in Group IV, which are intended to be acquired by the Group in the PRC, we have ascribed no commercial values to such properties as the Group has not yet obtained any valid title documents.

In valuing the properties in Groups V and IV, which are leased by the Group in the PRC and Hong Kong, we have assigned no commercial values to such properties, due to either the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

TITLE INVESTIGATIONS

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal adviser on PRC laws, King & Wood Mallesons, on the title to the properties.

VALUATION CONSIDERATIONS AND ASSUMPTIONS

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for respective specific terms at nominal land use fees have been granted and that any land grant premium payables have already been paid. Unless otherwise stated, we have also assumed that the Group has enforceable titles to these properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In the course of our valuation, we have relied to a considerable extent on information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, site and floor areas, transaction records, sale prices, sales and purchases agreements and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

Site inspections of the properties were carried out in August 2013 by Mr James Woo (Director) and various valuation assistants. Mr James Woo is a corporate member of The Royal Institution of Chartered Surveyors.

REMARKS

Unless otherwise stated, all money amounts stated in our report are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Anthony C K Lau is a qualified estate surveyor and has over 21 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group I — Properties held by the Group for sale or owner occupation in the PRC				
1.	Portion of Crown International, No. 288 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	59,900,000	50.0%	29,950,000
2.	Crowne Plaza Nanchang Riverside Hotel, Nos. 258 and 266 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	649,000,000	50.0%	324,500,000
3.	Portion of Phases I to IV of Spain Standard, Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	260,000,000	100.0%	260,000,000
4.	Portion of Riverside International, Intersection of Binjiang Road and Yunjin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	144,000,000	100.0%	144,000,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
5.	Portion of Splendid the Legend, No. 99 Sankongqiao Street, Tianqiao District, Jinan, Shandong Province, PRC	55,000,000	100.0%	55,000,000
6.	Portion of Scenery Holiday, No. 111 Huayuan Road, Lixia District, Jinan, Shandong Province, PRC	9,900,000	100.0%	9,900,000
7.	Portion of Phases West I to IV and Phases East I to III of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	169,000,000	80.0%	135,200,000
	Group I Sub-total:	1,346,800,000		958,550,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group II — Properties held by the Group under development in the PRC				
8.	Phase V of Spain Standard, Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	1,381,000,000	100.0%	1,381,000,000
9.	Portion of Riverside International, Intersection of Binjiang Road and Yunjin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	713,000,000	100.0%	713,000,000
10.	Phase I of Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	2,056,000,000	99.0%	2,035,440,000
11.	Redco International, North of Hanyuan Avenue, East of Tiyu West Road, Lixia District, Jinan, Shandong Province, PRC	1,261,000,000	100.0%	1,261,000,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
12.	Portion of Phases West IV and V and Phase East III of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	472,000,000	80.0%	377,600,000
13.	Stages 1 and 2, Phase I of Royal City, Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	258,000,000	70.0%	180,600,000
	Group II Sub-total:	6,141,000,000		5,948,640,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group III — Properties held by the Group for future development in the PRC				
14.	Bluelake County, South of Lian'an Road, East of Cheng'an Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	417,000,000	100.0%	417,000,000
15.	Riverlake International, West of Chuangxin First Road, North and east of Planned Road, South of Provincial Academy of Sciences, Gaoxin District, Nanchang, Jiangxi Province, PRC			No commercial value
16.	Phases II to IV of Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	3,616,000,000	99.0%	3,579,840,000
17.	Land Lot Nos. A1 and A2, Binhai Tourism District, Tianjin, PRC			No commercial value
18.	Phase I of Sunshine Coast, East of Nongda Road, South of Planned Road, Gaoxin District, Yantai, Shandong Province, PRC	236,000,000	100%	236,000,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
19.	Portion of Phases West I and V of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	320,000,000	80.0%	256,000,000
20.	Stage 3, Phase I of Royal City, Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	56,000,000	70.0%	39,200,000
21.	Royal International, Lot No. G11337-0095, Pingshan New District, Shenzhen, Guangdong Province, PRC	980,000,000	51.0%	499,800,000
	Group III Sub-total:	5,625,000,000		5,027,840,000

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group IV — Properties intended to be acquired by the Group in the PRC				
22.	Two parcels of land neighbouring Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC			No commercial value
23.	Various parcels of land located at east of Nongda Road and south of Planned Road, Gaoxin District, Yantai, Shandong Province, PRC			No commercial value
24.	Various parcels of land located at Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC			No commercial value
25.	A parcel of land located at south of Wei 10th Road, north of Wei 11th Road and west of Meiya Road, Baohua Town, Jurong, Jiangsu Province, PRC			No commercial value
26.	A parcel of land located at Tianxiang Market, Nanchang, Jiangxi Province, PRC			No commercial value
	Group IV Sub-total:			Nil

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group V — Properties leased by the Group in the PRC				
27.	Level 6 of Block 9B, Gaoxin Garden (高新花園), No. 1 Jingdian 2nd Road, Gaoxin District, Xianyang, Shaanxi Province, PRC			No commercial value
28.	Room 303, No. 42 Wei 3rd Road, Gaoxin District, Yantai, Shandong Province, PRC			No commercial value
29.	Room 152, Level 1, Block No. 1, Binhai Tourism District, Tianjin, PRC			No commercial value
30.	Unit 1A of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
31.	Unit 1B of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value
32.	Unit 1C of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value
33.	Rooms 4002-4003, Changda Ruifeng Block B, No. 9999 Changdong Avenue, Nanchang, Jiangxi Province, PRC			No commercial value
34.	A workshop located at No. 3 Renfeng Qian Street, Tianqiao District, Jinan, Shandong Province, PRC			No commercial value
35.	An office unit located at Block 1, No. 266 Ruzi Road, Xihu District, Nanchang, Jiangxi Province, PRC			No commercial value

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
36.	Room 109 of Block 2, West Phase II, Mix Kingdom Redco, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC			No commercial value
37.	Room 905 of Unit 1, Block 19, Barcelona Region, Spain Standard, No. 3366 Jinsha 2nd Road, Nanchang, Jiangxi Province, PRC			No commercial value
38.	Three office units located at Level 4, Office Building at East Yard, No. 65-9 Gongye South Road, Lixia District, Jinan, Shandong Province, PRC			No commercial value
	Group V Sub-total:			Nil

No.	Property	Market value in existing state as at 31 December 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at 31 December 2013 *(RMB)*
Group VI — Property leased by the Group in Hong Kong				
39.	Rooms 2001-2 together with Car Parking Spaces Nos. 35, 36, 54 and 69 on 3rd Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong			No commercial value
	Group VI Sub-total:			Nil
	Grand Total:	**13,112,800,000**		**11,935,030,000**

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
1.	Portion of Crown International, No. 288 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	Crown International (the "Development") is a residential and commercial complex erected on three parcels of land with a total site area of approximately 53,673.2 sq.m. The property comprises the unsold portion of the Development with a total gross floor area of approximately 16,606.4 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, portion of the property with a gross floor area of approximately 1,219.1 sq.m. was subject to a tenancy due to expire in July 2019 at a monthly rental of approximately RMB78,000 and the remaining portion was vacant.	RMB59,900,000 (50.0% interest attributable to the Group: RMB29,950,000)

Use	Approximate Gross Floor Area (sq.m.)
Residential	176.8
Commercial	2,203.8
Office	67.8
Car park	12,325.7
Car park (Civil air defense)	1,832.3
Total:	**16,606.4**

As advised by the Group, the property was completed between 2009 and 2011.

The land use rights of the property have been granted for three concurrent terms expiring on 7 June 2046 for commercial use, 7 June 2056 for ancillary use and 7 June 2076 for residential use respectively.

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the Development with a total site area of 53,673.20 sq.m. have been granted to Redco Development (Jiangxi) Co., Ltd. (力高置業(江西)有限公司) ("Redco Development (Jiangxi)"), a 50.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Hong Tu Guo Yong Deng Xi (2008) Di No. 043	31 January 2008	14,673.20	Commercial: 7 June 2046 Residential: 7 June 2076 Ancillary: 7 June 2056
Hong Tu Guo Yong Deng Xi (2008) Di No. 597	20 November 2008	13,333.33	Commercial: 7 June 2046 Ancillary: 7 June 2056

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Hong Tu Guo Yong Deng Xi (2008) Di No. 598	20 November 2008	25,666.67	Residential: 7 June 2076
Total		**53,673.20**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to 16 Completion Certificates — Nos. 09381, 09382, 09424, 10065 to 10068, 10174, 11143 and 11584 to 11590 dated between 23 September 2009 and 31 December 2011, the construction works of the Development with a total gross floor area of 301,442.75 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Completion Certificates mentioned above.

3. As confirmed by the Group, the property is free from any mortgages or other third party rights.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Redco Development (Jiangxi) is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

5. In our valuation, we have assumed average unit rates of about RMB12,300/sq.m. for residential and office, about RMB130,000/unit for car park and a unit monthly rent of about RMB67.5/sq.m. for commercial (2/F to 3/F).

6. In undertaking our valuation of the property, we have made reference to some asking price references of some residential developments and some asking rental references of some commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB12,000 to 13,200/sq.m. for residential and about RMB120,000 to 150,000/unit for car park and the unit monthly rents of those asking rental references are about RMB150/sq.m. for commercial (1/F). The unit rates and unit monthly rent assumed by us are consistent with the said asking price references and asking rental references. Due adjustments to the unit rates of those asking price references and the unit monthly rents of those asking rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
2.	Crowne Plaza Nanchang Riverside Hotel, Nos. 258 and 266 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	The property comprises a 33-storey (including a 2-level basement) hotel / office complex erected on various parcels of land with a total site area of approximately 4,636.7 sq.m. The property has a total gross floor area of approximately 57,986.8 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area (sq.m.)** Office — 14,131.1 Hotel — 43,855.7 **Total: — 57,986.8** As advised by the Group, the property was completed in 2011. The land use rights of the property have been granted for two concurrent terms expiring on 7 June 2046 for commercial use and 7 June 2056 for ancillary use respectively.	As at the date of valuation, (i) the hotel portion of the property was managed by Intercontinental Hotels Group; (ii) portion of the office portion of the property with a total gross floor area of approximately 8,336.1 sq.m. was subject to various tenancies with the latest term due to expire in October 2023 at a total monthly rental of approximately RMB710,000 and (iii) the remaining portion was vacant.	RMB649,000,000 (50.0% interest attributable to the Group: RMB324,500,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of 4,636.70 sq.m. have been granted to Redco Industry (Jiangxi) Co., Ltd. (力高實業(江西)有限公司) ("Redco Industry (Jiangxi)"), a joint venture of the Company and owned as to 100.0% by Redco Investment (International) Co. Limited (力高投資(國際)有限公司) ("Redco Investment"), a company incorporated in Hong Kong. Redco Investment is an indirect non wholly-owned subsidiary of the Company and owned as to 50.0% by Redco Properties (Hong Kong) Company Limited (力高置業(香港)有限公司), a 100.0%-owned subsidiary of the Company, and 50.0% by Top Plan (HK) Limited, a connected person of the Company. Details of the certificates are as follows:

Certificate No.	**Date of Issue**	**Site Area (sq.m.)**	**Usage and Term**
Hong Tu Guo Yong (Deng Xi 2011) Di No. D514	18 October 2011	28.99	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D515	18 October 2011	9.36	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D516	18 October 2011	14.55	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D517	18 October 2011	18.62	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D518	18 October 2011	18.62	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D519	18 October 2011	3,506.75	Commercial: 7 June 2046
Hong Tu Guo Yong (Deng Xi 2011) Di No. D520	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D521	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D522	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D523	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D524	18 October 2011	124.58	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D525	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D526	18 October 2011	125.69	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D527	18 October 2011	148.28	Ancillary: 7 June 2056
Hong Tu Guo Yong (Deng Xi 2011) Di No. D528	18 October 2011	12.81	Ancillary: 7 June 2056
Total		**4,636.70**	

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property with a total gross floor area of 57,986.72 sq.m. and the corresponding land use rights are vested in Redco Industry (Jiangxi) for non-residential use. Details of the certificates are as follows:

Floor	**Certificate No.**	**Date of Issue**	**Gross Floor Area (sq.m.)**
1st - 5th; 15th - 31st	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041230	12 October 2011	43,855.66
6th - 23	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041229	12 October 2011	232.81
6th - 24	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041216	12 October 2011	362.59
6th - 25	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041217	12 October 2011	117.09
6th - 26	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041218	12 October 2011	181.99
6th - 27	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041219	12 October 2011	232.81
6th - 28	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041220	12 October 2011	160.16
7th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041221	12 October 2011	1,854.41
8th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041222	12 October 2011	1,571.87
9th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041223	12 October 2011	1,571.87
10th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041224	12 October 2011	1,571.87
11th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041225	12 October 2011	1,571.87
12th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041226	12 October 2011	1,571.87
13th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041227	12 October 2011	1,571.87
14th	Hong Fang Quan Zheng Xi Hu Qu Zi Di No. 200041228	12 October 2011	1,557.98
Total			**57,986.72**

3. As confirmed by the Group, the land use rights of the property is subject to various mortgages.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Redco Industry (Jiangxi) has legally obtained the land use rights and the building ownership of the property;

   ii. in respect of the mortgaged land use rights, prior approval from the mortgagee(s) has to be obtained within the mortgage period before Redco Industry (Jiangxi) can transfer or by other legal means dispose of such land use rights; and

   iii. save for the above, Redco Industry (Jiangxi) is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the land use rights and the building ownership of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

5. In our valuation, we have assumed an average unit rate of about RMB1,000,000/room for hotel and a unit monthly rent of about RMB85/sq.m. for office.

6. In undertaking our valuation of the hotel portion of the property, our adopted key assumptions are summarised as follows:

i.	Average daily room rate ("ADR")	— RMB560 for Year 1
ii.	Annual growth in ADR	— Stabilised at 3.0%
iii.	Occupancy rate on available room basis	— Stabilised at 70.0%
iv.	Discount rate	— 8.0%
v.	Terminal growth rate	— 3.0%

7. In undertaking our valuation of the office portion of the property, we have made reference to various recent rental transactions of the Development which have characteristics comparable to the property. The unit monthly rents of those rental transactions are about RMB80 to 89/sq.m. for office. The unit rent assumed by us is consistent with the said rental transactions. Due adjustments to the unit monthly rents of those rental transactions have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumption.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
3.	Portion of Phases I to IV of Spain Standard, Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	Spain Standard (the "Development") is a large-scale residential and commercial complex erected on five parcels of land with a total site area of approximately 466,665.3 sq.m. The property comprises portion of Phases I to IV of the Development with a total gross floor area of approximately 74,476.9 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, portion of the property with a gross floor area of 470.0 sq.m. was occupied by the Group for office use and the remaining portion of the property was vacant.	RMB260,000,000 (100.0% interest attributable to the Group: RMB260,000,000)

Phase I **Use**	**Approximate Gross Floor Area (sq.m.)**
Residential	943.3
Commercial	3,796.7
Car park	11,368.3
Sub-total:	16,108.3

Phase II **Use**	**Approximate Gross Floor Area (sq.m.)**
Residential	1,393.2
Car park	11,511.4
Sub-total:	12,904.6

Phase III **Use**	**Approximate Gross Floor Area (sq.m.)**
Residential	5,068.9
Car park (Civil air defense)	5,217.0
Sub-total:	10,285.9

Phase IV **Use**	**Approximate Gross Floor Area (sq.m.)**
Residential	858.3
Commercial	10,642.3
Car park (Civil air defense)	23,677.5
Sub-total:	35,178.1
Total:	**74,476.9**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
		As advised by the Group, the property was completed between 2010 and 2013. The land use rights of the property have been granted for two concurrent terms expiring on 21 April 2046 and 21 April 2076 for commercial and residential uses respectively.		

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of five parcels of land with a total site area of 466,665.33 sq.m. have been granted to Jiangxi Man Wo Property Development Co., Ltd. (江西萬和房地產開發有限公司) ("Jiangxi Man Wo"), a 100.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Nan Guo Yong (2006) Di No. 0325	17 October 2006	68,000.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2006) Di No. 0326	17 October 2006	113,333.33	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No. 00091	26 March 2012	96,666.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No. 00092	26 March 2012	95,333.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No. 00093	26 March 2012	93,333.00	Commercial: 21 April 2046 Residential: 21 April 2076
Total		**466,665.33**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit — Xian Gui Di (2007) Di No. 022 dated 23 July 2007, Jiangxi Man Wo is permitted to use a parcel of land with a site area of 700.00 mu (466,669.00 sq.m.) for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to 30 Construction Works Planning Permits — Xian Gui Jian (2007) Di Nos. 632 to 643, Jian Zi Di (2008) Di Nos. 264 to 274, Jian Zi Di Nan Gui Jian (2009) Nos. 360121070800021 and 360121081700027, Jian Zi Di Nan Gui Jian (2010) Nos. 360121041500015 and 360121041500016, Jian Zi Di Nan Gui Jian (2011) No. 360121071500044 and Jian Zi Di Nan Gui Jian (2012) Nos. 36012102090003 and 36012102090004 dated between 24 December 2007 and 9 February 2012, the approved construction scale of various buildings of the Development is 540,586.17 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

4. Pursuant to ten Construction Works Commencement Permits - Hong Xian Jian Guan Zi (2008) Nos. 003, 051 and 052, Hong Xian Jian Guan Zi Nos. 2009-030, 2009-049, 2010-022 and 2010-023, Hong Xian Jian Guan No. 2011-043 and Hong Xian Jian Guan Zi Nos. 2012-003 and 2012-004 dated between 17 January 2008 and 27 February 2012, the approved construction scale of various buildings of the Development is 540,586.17 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to 36 Pre-sale Permits — (Nan) Fang Yu Shou Zheng Di Nos. 2008-0092-1 to 2008-0092-22, 2009-0048, 2009-0067, 2009-0084, 2010-0003, 2010-0041, 2010-0072, 2010-0091, 2010-0105, 2011-0029, 2011-0063, 2012-0011, 2012-0015, 2012-0031 and 2012-0041 dated between 2 December 2008 and 29 May 2012, various buildings with a total gross floor area of 534,406.87 sq.m. are permitted for pre-sale.

   As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits mentioned above.

6. Pursuant to 91 Completion Certificates dated between 24 August 2010 and 20 December 2013, the construction works of various buildings with a total gross floor area of 543,397.21 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Completion Certificates mentioned above.

7. Pursuant to the Building Ownership Certificate — Nan Fang Quan Zheng Lian Tang Zhen Zi Di No. 00108081 dated 6 July 2010, the building ownership of a building of the property with a gross floor area of 4,953.49 sq.m. is vested in Jiangxi Man Wo.

   As advised by the Group, portion of the building as stated in the Building Ownership Certificate as mentioned above with a total gross floor area of 1,194.55 sq.m. has been sold.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 10,697.45 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB90,000,000. We have taken into account the said amount in our valuation.

9. As confirmed by the Group, the property is subject to a mortgage.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Jiangxi Man Wo is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Jiangxi Man Wo has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. as confirmed by the Group, Jiangxi Man Wo has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

iv. as confirmed by the Group, Jiangxi Man Wo has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Jiangxi Man Wo can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

vi. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Jiangxi Man Wo can transfer or by other legal means dispose of such land use rights; and

vii. save for the above, Jiangxi Man Wo is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

11. In our valuation, we have assumed average unit rates of about RMB7,100/sq.m. for residential, about RMB11,600/sq.m. for commercial (1/F to 3/F) and about RMB60,000/unit for car park.

12. In undertaking our valuation of the property, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB7,200 to 7,600/sq.m. for residential, about RMB17,500/sq.m. for commercial (1/F) and about RMB50,000 to 60,000/unit for car park and the prices of those asking price references are about RMB18,400 to 19,400/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
4.	Portion of Riverside International, Intersection of Binjian Road and Yunjin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	Riverside International (the "Development") is a residential and commercial complex erected on three parcels of land with a total site area of approximately 37,345.7 sq.m. The property comprises portion of the Development with a total gross floor area of approximately 34,017.4 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area (sq.m.)** Residential — 7,816.1 Car park — 21,887.7 Car park (Civil air defense) — 4,313.6 **Total:** — **34,017.4** As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for two concurrent terms expiring on 4 January 2050 and 4 January 2080 for commercial and residential uses respectively.	As at the date of valuation, the property was vacant.	RMB144,000,000 (100.0% interest attributable to the Group: RMB144,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3620090101000046 dated 28 December 2009 and its supplementary agreement dated 20 February 2010, the land use rights of three parcels of land with a total site area of 37,346.00 sq.m. have been granted to Jiangxi Redco Property Development Co., Ltd. (江西力高房地產開發有限公司) ("Jiangxi Redco Property Development"), a 100.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB370,839,160.

   As advised by the Group, the property comprises portion of the land parcels of the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 37,345.68 sq.m. have been granted to Jiangxi Redco Property Development. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Hong Tu Guo Yong (Deng Xi 2010) Di No. 152	9 March 2010	14,033.30	Commercial: 4 January 2050 Residential: 4 January 2080
Hong Tu Guo Yong (Deng Xi 2010) Di No. 153	9 March 2010	12,108.34	Commercial: 4 January 2050 Residential: 4 January 2080
Hong Tu Guo Yong (Deng Xi 2010) Di No. 154	9 March 2010	11,204.04	Commercial: 4 January 2050 Residential: 4 January 2080
Total		**37,345.68**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 360100201000015 dated 24 March 2010, Jiangxi Redco Property Development is permitted to use a parcel of land with a site area of 79.00 mu (52,666.93 sq.m.) for commercial and residential development (including 23.00 mu (15,333.41 sq.m.) for road construction).

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to six Construction Works Planning Permits — Jian Zi Di Nos. 360100201000752 to 360100201000757 dated 17 March 2011, the approved construction scale of various buildings of the Development is 118,917.38 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to the Construction Works Commencement Permit - Hong Jian Wei Shi Zi (2011) No. 005 dated 12 January 2011, the approved construction scale of various buildings of the Development is 204,600.51 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permit mentioned above.

6. Pursuant to five Pre-sale Permits — (2011) Hong Fang Yu Shou Zheng Nos. 19181, 19182, 19522, 19784 and (2012) Hong Fang Yu Shou Zheng No. 21197 dated between 17 June 2011 and 26 October 2012, various buildings with a total gross floor area of 65,045.49 sq.m. are permitted for pre-sale.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits mentioned above.

7. Pursuant to six Completion Certificates — Nos. 13030 to 13035 dated 15 January 2013, the construction works of various buildings with a total gross floor area of 118,917.38 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Completion Certificates mentioned above.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 4,538.05 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB50,000,000. We have taken into account the said amount in our valuation.

9. As confirmed by the Group, the property is free from any mortgages or other third party rights.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Jiangxi Redco Property Development is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Jiangxi Redco Property Development has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. as confirmed by the Group, Jiangxi Redco Property Development has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

    iv. as confirmed by the Group, Jiangxi Redco Property Development has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

    v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Jiangxi Redco Property Development can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights; and

    vi. save for the above, Jiangxi Redco Property Development is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

11. In our valuation, we have assumed average unit rates of about RMB11,300/sq.m. for residential and about RMB115,000/unit for car park.

12. In undertaking our valuation of the property, we have made reference to various recent sales transactions of the Development which have characteristics comparable to the property. The prices of those sales transactions are about RMB11,100 to 11,900/sq.m. for residential and about RMB110,000 to 115,000/unit for car park. The unit rates assumed by us are consistent with the said sales transactions. Due adjustments to the unit rates of those sales transactions have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
5.	Portion of Splendid the Legend, No. 99 Sankongqiao Street, Tianqiao District, Jinan, Shandong Province, PRC	Splendid the Legend (the "Development") is a residential and commercial complex erected on a parcel of land with a site area of approximately 51,675.2 sq.m. The property comprises the unsold portion of the Development with a total gross floor area of approximately 14,312.9 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area (sq.m.)** Residential — 981.6 Commercial — 964.4 Storage — 49.4 Car park — 8,875.6 Car park (Civil air defense) — 1,211.0 Ancillary — 2,230.9 **Total: — 14,312.9** As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for a term expiring on 23 August 2074 for residential use.	As at the date of valuation, the property was vacant.	RMB55,000,000 (100.0% interest attributable to the Group: RMB55,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate — Tian Qiao Guo Yong (2009) Di No. 0400040 dated 25 September 2009, the land use rights of a parcel of land with a site area of 51,675.20 sq.m. have been granted to Shandong Hengjia Real Estate Co., Ltd. (山東恒嘉置業有限公司) ("Shandong Hengjia"), a 100.0%-owned subsidiary of the Company, for a term expiring on 23 August 2074 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

2. Pursuant to the following Building Ownership Certificates, the building ownership of various buildings with a total gross floor area of 187,295.11 sq.m. and the corresponding land use rights are vested in Shandong Hengjia. Details of the certificates are as follows:

Certificate No.	Date of Issue	Usage	Gross Floor Area (sq.m.)
Ji Fang Quan Zheng Tian Zi Di No. 229404	17 July 2013	Commercial and residential	2,005.32
Ji Fang Quan Zheng Tian Zi Di No. 229405	17 July 2013	Commercial and residential	3,683.91
Ji Fang Quan Zheng Tian Zi Di No. 229406	17 July 2013	Commercial and residential	1,019.60
Ji Fang Quan Zheng Tian Zi Di No. 229407	17 July 2013	Commercial and residential	13,935.63
Ji Fang Quan Zheng Tian Zi Di No. 229408	17 July 2013	Residential	5,561.94
Ji Fang Quan Zheng Tian Zi Di No. 229660	22 July 2013	Residential	24,911.04
Ji Fang Quan Zheng Tian Zi Di No. 230544	8 August 2013	Residential	7,142.10
Ji Fang Quan Zheng Tian Zi Di No. 230545	8 August 2013	Residential	12,198.16
Ji Fang Quan Zheng Tian Zi Di No. 230547	8 August 2013	Residential	5,784.10
Ji Fang Quan Zheng Tian Zi Di No. 230549	8 August 2013	Residential	7,438.18
Ji Fang Quan Zheng Tian Zi Di No. 230646	11 August 2013	Car park	5,146.22
Ji Fang Quan Zheng Tian Zi Di No. 230647	11 August 2013	Residential	10,834.64
Ji Fang Quan Zheng Tian Zi Di No. 230650	11 August 2013	Car park	4,046.21
Ji Fang Quan Zheng Tian Zi Di No. 230651	11 August 2013	Residential	20,329.60
Ji Fang Quan Zheng Tian Zi Di No. 230905	15 August 2013	Residential	46,547.05
Ji Fang Quan Zheng Tian Zi Di No. 231548	15 August 2013	Residential	16,711.41
		Total	**187,295.11**

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Shandong Hengjia has legally obtained the building ownership of the property; and

   ii. Shandong Hengjia is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the property within the land use term as stipulated in the State-owned Land Use Rights Certificate.

4. In our valuation, we have assumed average unit rates of about RMB8,800/sq.m. for residential, about RMB15,600/sq.m. for commercial (1/F to 2/F), about RMB2,500/sq.m. for storage and about RMB88,000/unit for car park.

5. In undertaking our valuation of the property, we have made reference to some asking price references of some residential developments, commercial developments and car parks which have characteristics comparable to the property. The prices of those asking price references are about RMB9,100 to 9,400/sq.m. for residential, about RMB16,100 to 20,000/sq.m. for commercial (1/F), about RMB2,500 to 2,600/sq.m. for storage and about RMB80,000 to 85,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
6.	Portion of Scenery Holiday, No. 111 Huayuan Road, Lixia District, Jinan, Shandong Province, PRC	Scenery Holiday (the "Development") is a residential and commercial complex erected on a parcel of land with a site area of approximately 34,934.9 sq.m. The property comprises the unsold portion of the Development with a total gross floor area of approximately 2,157.9 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area (sq.m.)** Commercial — 186.4 Storage — 509.7 Car park (Civil air defense) — 73.4 Ancillary — 1,388.4 **Total:** — **2,157.9** As advised by the Group, the property was completed in 2011. The land use rights of the property have been granted for a term expiring on 25 August 2074 for residential use.	As at the date of valuation, the property was vacant.	RMB9,900,000 (100.0% interest attributable to the Group: RMB9,900,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate — Li Xia Guo Yong (2006) Di No. 0100224 dated 9 November 2006, the land use rights of a parcel of land with a site area of 34,934.90 sq.m. have been granted to Shandong Redco Real Estate Development Co., Ltd. (山東力高房地產開發有限公司) ("Shandong Redco"), a 100.0%-owned subsidiary of the Company, for a term expiring on 25 August 2074 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

2. Pursuant to the Building Ownership Certificate — Ji Fang Quan Zheng Li Zi Di No. 184354 dated 26 July 2011, the building ownership of a building with a gross floor area of 5,567.85 sq.m. and the corresponding land use rights are vested in Shandong Redco.

   As advised by the Group, the property comprises portion of the building as stated in the Building Ownership Certificate mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i Shandong Redco has legally obtained the building ownership of the property; and

   ii Shandong Redco is entitled to occupy, use, transfer, let, mortgage or by any other legal means dispose of the aboveground buildings and their corresponding land use rights of the property within the land use term as stipulated in the State-owned Land Use Rights Certificate.

4. In our valuation, we have assumed average unit rates of about RMB12,600/sq.m. for commercial (1/F) and about RMB2,500/sq.m. for storage.

5. In undertaking our valuation of the property, we have made reference to some asking price references of some commercial developments and storage units which have characteristics comparable to the property. The prices of those asking price references are about RMB24,200 to 25,500/sq.m. for commercial (1/F to 2/F) and about RMB2,500 to 2,800/sq.m. for storage. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
7.	Portion of Phases West I to IV and Phases East I to III of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	Mix Kingdom Redco (the "Development") is a large-scale residential and commercial complex erected on seven parcels of land with a total site area of approximately 395,596.4 sq.m. The property comprises portion of the Development with a total gross floor area of approximately 48,589.8 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant.	RMB169,000,000 (80.0% interest attributable to the Group: RMB135,200,000)

Phase West I

Use	Approximate Gross Floor Area (sq.m.)
Residential	713.9
Clubhouse	3,853.5
Car park	13,092.0
Sub-total:	17,659.4

Phase West II

Use	Approximate Gross Floor Area (sq.m.)
Residential	1,187.5
Commercial	1,991.7
Sub-total:	3,179.2

Phase West III

Use	Approximate Gross Floor Area (sq.m.)
Residential	932.2
Commercial	493.6
Car park (Civil air defense)	3,123.0
Sub-total:	4,548.8

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013

West Commercial Block No. 3, Phase West IV

Use	Approximate Gross Floor Area (sq.m.)
Commercial	102.1
Sub-total:	102.1

Phase East I

Use	Approximate Gross Floor Area (sq.m.)
Residential	237.8
Commercial	779.1
Clubhouse	1,334.4
Car park (Civil air defense)	6,246.0
Sub-total:	8,597.3

Phase East II

Use	Approximate Gross Floor Area (sq.m.)
Residential	554.1
Commercial	1,406.8
Car park	10,351.0
Sub-total:	12,311.9

East Commercial Block No. 1, Phase East III

Use	Approximate Gross Floor Area (sq.m.)
Commercial	2,191.1
Sub-total:	2,191.1
Total:	**48,589.8**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
		As advised by the Group, the property was completed between 2010 and 2013. The land use rights of the property have been granted for two concurrent terms expiring on 12 October 2045 and 12 October 2075 for commercial and residential uses respectively.		

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of seven parcels of land with a total site area of 395,596.43 sq.m. have been granted to Changfeng Lianhua Real Estate Co., Ltd. (長豐聯華置業有限公司) ("Changfeng Lianhua") a 80.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Chang Feng Xian Guo Yong (2005) Di No. 3731	23 November 2005	9,511.20	Commercial: 12 October 2045
Chang Feng Xian Guo Yong (2005) Di No. 3732	23 November 2005	11,259.10	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3733	23 November 2005	18,269.03	Commercial: 12 October 2045
Chang Feng Xian Guo Yong (2005) Di No. 3734	23 November 2005	64,783.59	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3735	23 November 2005	96,685.35	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3736	23 November 2005	109,024.47	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3737	23 November 2005	86,063.69	Residential: 12 October 2075
Total		**395,596.43**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit — Chang Gui Di Nan (2007) 085 dated 23 October 2007, Changfeng Lianhua is permitted to use the parcel of land with a site area of 761.60 mu (507,735.87 sq.m.) (including 158.00 mu (105,333.86 sq.m.) acquired for public facilities construction).

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to 35 Construction Works Planning Permits — Jian Zi Di Nos. 340121200920133 to 340121200920141, 340121201020163 to 340121201020172, 340121201120135, 340121201120136, 340121201120248 to 340121201120251 and 340121201220247 to 340121201220253, Chang Jian Nan Xu (2010) Nos. 65 and 67 and Chang Jian Nan Xu (2011) Di No. 162 dated between 9 November 2009 and 26 July 2011, the approved construction scale of various buildings of the Development is 211,366.33 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

4. Pursuant to 19 Construction Works Commencement Permits — Nos. 012107120005, 012107120006, 012108030001 to 012108030003, 012108070001, 012109030003, 012109070006, 012109080005, 012109090011, 012109120011, 012110020006, 012110040014, 012110050004, 012311072900954, 012311072900955, 012312072300823, 012312121301583 and 012313041100389 dated between 20 December 2007 and 11 April 2013, the total approved construction scale of various buildings of the Development is 401,757.17 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to 53 Pre-sale Permits — Chang Fang Yu Shou Zheng Di (2008) Nos. 055 and 056, Chang Fang Yu Shou Zheng Di [2008] Nos. 001 to 008, 014, 026 to 028, 057, 058 and 089, Chang Fang Yu Shou Zheng Di (2009) Nos. 001, 048, 049, 064 and 065, Chang Fang Yu Shou Zheng Di (2010) Nos. 016, 018, 026, 027, 108 to 110, 134 to 136 and 156, Chang Fang Yu Shou Zheng Di (2011) Nos. 050 to 053, 063 to 072, Chang Fang Yu Shou Zheng Di Nos. 2011189 and 2011190, Chang Fang Yu Shou Zheng Di Nos. 2012068, 2012080 and 2012160, and Chang Fang Yu Shou Zheng Di Nos. 20137215 dated between 2 January 2008 and 25 April 2013, various buildings with a total gross floor area of 349,191.95 sq.m. are permitted for pre-sale.

   As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits mentioned above.

6. Pursuant to 49 Completion Certificates dated between 19 October 2009 and 30 October 2013, the construction works of various buildings with a total gross floor area of 310,544.31 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Completion Certificates mentioned above.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 1,598.02 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB12,000,000. We have taken into account the said amount in our valuation.

8. As confirmed by the Group, the property is subject to a mortgage.

9. We have been provided with a legal opinion on the title to the property issued by the Gourp's PRC legal adviser, which contains, inter alia, the following infomation:

   i. Changfeng Lianhua is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

   ii. Changfeng Lianhua has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

   iii. as confirmed by the Group, Changfeng Lianhua has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

iv. as confirmed by the Group, Changfeng Lianhua has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Changfeng Lianhua can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

vi. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Changfeng Lianhua can transfer or by other legal means dispose of such land use rights; and

vii. save for the above, Changfeng Lianhua is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

10. In our valuation, we have assumed average unit rates of about RMB5,100/sq.m. for residential, about RMB13,700/sq.m. for commerciall (1/F to 2/F) and about RMB60,000/unit for car park.

11. In undertaking our valuation of the property, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments and car parks which have characteristics comparable to the property. The prices of those sales transactions are about RMB5,100 to 5,200/sq.m. for residential and the prices of those asking price references are about RMB18,500 to 22,500/sq.m. for commercial (1/F) and RMB50,000 to 65,000/unit for car park. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
8.	Phase V of Spain Standard, Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	Spain Standard (the "Development") is a large-scale residential and commercial complex erected on five parcels of land with a total site area of approximately 466,665.3 sq.m.	As at the date of valuation, the property was under construction.	RMB1,381,000,000 (100.0% interest attributable to the Group: RMB1,381,000,000)

According to the lastest development proposal provided by the Group, the property will have a total gross floor area of approximately 305,265.8 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:

Use	**Approximate Gross Floor Area (sq.m.)**
Residential	240,400.5
Commercial	22,790.8
Car park	19,983.1
Car park (Civil air defense)	15,067.0
Ancillary	7,024.4
Total:	**305,265.8**

As advised by the Group, the construction of the property is scheduled for completion in the 4th quarter of 2014.

The land use rights of the property have been granted for two concurrent terms expiring on 21 April 2046 and 21 April 2076 for commercial and residential uses respectively.

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of five parcels of land with a total site area of 466,665.33 sq.m. have been granted to Jiangxi Man Wo Property Development Co., Ltd. (江西萬和房地產開發有限公司) ("Jiangxi Man Wo"), a 100.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Nan Guo Yong (2006) Di No.0325	17 October 2006	68,000.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2006) Di No.0326	17 October 2006	113,333.33	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No.00091	26 March 2012	96,666.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No.00092	26 March 2012	95,333.00	Commercial: 21 April 2046 Residential: 21 April 2076
Nan Guo Yong (2012) Di No.00093	26 March 2012	93,333.00	Commercial: 21 April 2046 Residential: 21 April 2076
Total		**466,665.33**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit — Xian Gui Di (2007) Di No. 022 dated 23 July 2007, Jiangxi Man Wo is permitted to use a parcel of land with a site area of 700.00 mu (466,669.00 sq.m.) for development.

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit — Jian Zi Di Nan Gui Jian (2012) No. 36012109070057 dated 7 September 2012, the approved construction scale of the property is 269,778.42 sq.m.

4. Pursuant to four Construction Works Commencement Permits — Hong Xian Jian Guan Nos. 2012-074 to 2012-077 dated 12 October 2012, the approved construction scale of the property is 269,778.42 sq.m.

5. Pursuant to six Pre-sale Permits — (Nan) Fang Yu Shou Zheng Di Nos. 2012-0124, 2013-0015, 2013-0022, 2013-0046, 2013-0127 and 2013-0146 dated between 14 December 2012 and 6 December 2013, various buildings with a total gross floor area of 156,032.16 sq.m. are permitted for pre-sale.

As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

6. As advised by the Group, the total construction cost expended as at the date of valuation was RMB545,000,000 and the estimated outstanding construction cost for completion of the property will be RMB145,000,000. We have taken into account the said amounts in our valuation.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 141,891.39 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB913,000,000. We have taken into account the said amount in our valuation.

8. The market value of the property as if completed as at the date of valuation is estimated to be RMB2,001,000,000.

9. As confirmed by the Group, the property is subject to a mortgage.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Jiangxi Man Wo is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Jiangxi Man Wo has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. as confirmed by the Group, Jiangxi Man Wo has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

    iv. as confirmed by the Group, Jiangxi Man Wo has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

    v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Jiangxi Man Wo can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

    vi. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Jiangxi Man Wo can transfer or by other legal means dispose of such land use rights; and

    vii. save for the above, Jiangxi Man Wo is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

11. In our valuation, we have assumed average unit rates of about RMB6,800/sq.m. for residential, about RMB14,400/sq.m. for commercial (1/F to 2/F) and about RMB60,000/unit for car park if completed.

12. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB7,200 to 7,600/sq.m. for residential, about RMB17,500/sq.m. for commercial (1/F) and about RMB50,000 to 60,000/unit for car park and the prices of those asking price references are about RMB18,400 to 19,400/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
9.	Portion of Riverside International, Intersection of Binjiang Road and Yunjin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	Riverside International (the "Development") is a residential and commercial complex erected on three parcels of land with a total site area of approximately 37,345.7 sq.m. According to the lastest development proposal provided by the Group, the property will have a total gross floor area of approximately 85,683.2 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Commercial 7,666.4 Office 74,497.8 Ancillary 3,519.0 **Total: 85,683.2** As advised by the Group, the construction of the property is scheduled for completion in the 4th quarter of 2014. The land use rights of the property have been granted for two concurrent terms expiring on 4 January 2050 and 4 January 2080 for commercial and residential uses respectively.	As at the date of valuation, the property was under construction.	RMB713,000,000 (100.0% interest attributable to the Group: RMB713,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3620090101000046 dated 28 December 2009 and its supplementary agreement dated 20 February 2010, the land use rights of three parcels of land with a total site area of 37,346.00 sq.m. have been granted to Jiangxi Redco Property Development Co., Ltd. (江西力高房地產開發有限公司) ("Jiangxi Redco Property Development"), a 100.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB370,839,160.

   As advised by the Group, the property comprises portion of the land parcels of the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 37,345.68 sq.m. have been granted to Jiangxi Redco Property Development. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Hong Tu Guo Yong (Deng Xi 2010) Di No.152	9 March 2010	14,033.30	Commercial: 4 January 2050 Residential: 4 January 2080
Hong Tu Guo Yong (Deng Xi 2010) Di No.153	9 March 2010	12,108.34	Commercial: 4 January 2050 Residential: 4 January 2080
Hong Tu Guo Yong (Deng Xi 2010) Di No.154	9 March 2010	11,204.04	Commercial: 4 January 2050 Residential: 4 January 2080
Total		**37,345.68**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 360100201000015 dated 24 March 2010, Jiangxi Redco Property Development is permitted to use the parcel of land with a site area of 79.00 mu (52,666.93 sq.m.) for commercial and residential development (including 23.00 mu (15,333.41 sq.m.) for road construction).

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to two Construction Works Planning Permits — Jian Zi Di Nos. 360100201000750 and 360100201000751 dated 17 March 2011, the approved construction scale of the property is 85,683.13 sq.m.

5. Pursuant to the Construction Works Commencement Permit - Hong Jian Wei Shi Zi (2011) No. 005 dated 12 January 2011, the approved construction scale of various buildings of the Development is 204,600.51 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permit mentioned above.

6. Pursuant to the Pre-sale Permit — (2012) Hong Fang Yu Shou Zheng No. 20341 dated 13 March 2012, various buildings with a gross floor area of 69,791.98 sq.m. are permitted for pre-sale.

As advised by the Group, the buildings as stated in the Pre-sale Permit mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB264,000,000 and the estimated outstanding construction cost for completion of the property will be RMB2,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 56,483.60 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB576,000,000. We have taken into account the said amount in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB879,000,000.

10. As confirmed by the Group, the property is free from any mortgages or other third party rights.

11. We have been provided with a legal opinion on the title to the property issued by the Gourp's PRC legal adviser, which contains, inter alia, the following information:

   i. Jiangxi Redco Property Development is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

   ii. Jiangxi Redco Property Development has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

   iii. as confirmed by the Group, Jiangxi Redco Property Development has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

   iv. as confirmed by the Group, Jiangxi Redco Property Development has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

   v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Jiangxi Redco Property Development can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights; and

   vi. save for the above, Jiangxi Redco Property Development is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

12. In our valuation, we have assumed average unit rates of about RMB23,200/sq.m. for the commercial (1/F to 3/F) and about RMB10,200/sq.m. for the office if completed.

13. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development which have characteristics comparable to the property. The prices of those sales transactions are about RMB11,200 to 12,300/sq.m. for office and about RMB27,000 to 32,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions. Due adjustments to the unit rates of those sales transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
10.	Phase I of Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	Sunshine Coast (the "Development") is a large-scale residential and commercial complex erected on two parcels of land with a total site area of approximately 481,394.0 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 184,949.2 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB2,056,000,000 (99.0% interest attributable to the Group: RMB2,035,440,000)

Use	Approximate Gross Floor Area (sq.m.)
Residential	143,242.8
Commercial	13,886.9
Car park	22,529.4
Ancillary	5,290.1
Total:	**184,949.2**

As advised by the Group, the construction of the property is scheduled for completion in the 4th quarter of 2014.

The land use rights of the property have been granted for two concurrent terms expiring on 3 January 2051 and 3 January 2081 for commercial and residential uses respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract and its supplementary agreement dated 20 January 2011, the land use rights of a parcel of land with a site area of 481,394.00 sq.m. have been granted to Redco (Tianjin) Real Estate Co., Ltd. (力高(天津)地產有限公司) ("Redco (Tianjin)"), a 99.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB498,435,348.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract and its supplementary agreement mentioned above.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 481,394.00 sq.m. have been granted to Redco (Tianjin). Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Fang Di Zheng Jin Zi Di No. 108051100042	21 January 2011	149,063.60	Commercial: 3 January 2051; residential: 3 January 2081
Fang Di Zheng Jin Zi Di No. 108051100043	21 January 2011	332,330.40	Commercial: 3 January 2051; residential: 3 January 2081
Total		**481,394.00**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit — 2010 Han Gu Di Zheng 0089 dated 12 January 2011, Redco (Tianjin) is permitted to use a parcel of land with a site area of 481,394.00 sq.m. for residential and commercial development.

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to two Construction Works Planning Permits — 2011 Lv You Jian Zheng 0003 and 2013 Lv You Jian Zheng 0001 dated 14 June 2012 and 28 March 2013 respectively, the total approved construction scale of the property is 184,949.23 sq.m.

5. Pursuant to two Construction Works Commencement Permits — Nos. 12108021201202005 and 12133021201304003 dated 29 February 2012 and 19 April 2012 respectively, the total approved construction scale of the property is 178,282.74 sq.m.

6. Pursuant to twelve Pre-sale Permits — Jin Guo Tu Fang Shou Xu Zi [2013] Di Nos. 0412-001, 0413-001 to 007, 0414-001 and 0415-001 to 003, various buildings with a total gross floor area of 15,997.35 sq.m. are permitted for pre-sale.

As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB466,000,000 and the estimated outstanding construction cost for completion of the property will be RMB154,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, potion of the property with a gross floor area of approximately 324.98 sq.m. has been pre-sold under a sales and purchase agreement at a consideration of approximately RMB3,000,000. We have taken into account the said amount in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB2,911,000,000.

10. As confirmed by the Group, the property is subject to three mortgages.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Redco (Tianjin) is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Redco (Tianjin) has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. as confirmed by the Group, Redco (Tianjin) has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

    iv. as confirmed by the Group, Redco (Tianjin) has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

    v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchaser has to be obtained or the relevant sales and purchase agreements have to be cancelled before Redco (Tianjin) can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

    vi. in respect of the mortgaged land use rights, prior approval from the mortgagees has to be obtained within the mortgage period before Redco (Tianjin) can transfer or by other legal means dispose of such land use rights; and

    vii. save for the above, Redco (Tianjin) is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

12. In our valuation, we have assumed average unit rates of about RMB17,700/sq.m. for residential, about RMB22,700/sq.m. for commercial (-1/F to 2/F) and about RMB100,000/unit for car park if completed

13. In undertaking our valuation of the property if completed, we have made reference to various asking price references of some residential developments, commercial developments and car parks which have characteristics comparable to the property. The prices of those asking price references are about RMB9,800 to 26,000/sq.m. for residential, about RMB24,000 to 32,900/sq.m. for commercial (1/F to 2/F) and about RMB100,000 to 125,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
11.	Redco International, North of Hanyuan Avenue, East of Tiyu West Road, Lixia District, Jinan, Shandong Province, PRC	Redco International is a residential and commercial complex erected on two parcels of land with a total site area of approximately 54,162.0 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 226,076.9 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB1,261,000,000 (100.0% interest attributable to the Group: RMB1,261,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Residential	89,712.6
Commercial	14,371.6
Office	66,634.6
Storage	6,244.2
Car park	37,068.2
Car park (Civil air defense)	11,774.9
Ancillary	270.8
Total:	**226,076.9**

As advised by the Group, the construction of the property is scheduled for completion in the 3rd quarter of 2014.

The land use rights of the property have been granted for two concurrent terms expiring on 17 May 2051 and 17 May 2081 for commercial and residential uses respectively.

Notes:

1. Pursuant to two State-owned Land Use Rights Grant Contracts — Ji Nan-01-2010-0158 and Ji Nan-01-2010-0159 both dated 15 September 2010, the land use rights of two parcels of land with a total site area of 54,162.00 sq.m. have been granted to Shandong Redco Real Estate Development Co., Ltd. (山東力高房地產開發有限公司) ("Shandong Redco"), a 100.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB203,709,500.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 54,162.00 sq.m. have been granted to Shandong Redco. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Li Xia Guo Yong (2011) Di No.0100029	25 May 2011	19,593.00	Commercial: 17 May 2051
Li Xia Guo Yong (2011) Di No.0100030	25 May 2011	34,569.00	Residential: 17 May 2081
Total		**54,162.00**	

3. Pursuant to two Construction Land Planning Permits — Di Zi Di Nos. 370102201100137 and 370102201100138 both dated 27 July 2011, Shandong Redco is permitted to use two parcels of land with a total site area of 69,318.00 sq.m. for residential and commercial development (including 15,156.00 sq.m. for public facilities construction).

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 370102201100243 dated 1 September 2011, the approved construction scale of various buildings of the property is 223,295.27 sq.m.

5. Pursuant to two Construction Works Commencement Permits — Nos. 20120033 and 20120208 dated 31 March 2012 and 31 December 2012 respectively, the total approved construction scale of the property is 225,858.00 sq.m.

6. Pursuant to seven Pre-sale Permits — Ji Jian Yu Xu Nos. 2012308, 2012309, 2013033, 2013217, 2013273, 2013356 and 2013463 dated between 7 September 2012 and 29 September 2013, various buildings with a total gross floor area of 146,152.61 sq.m. are premitted for pre-sale.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB628,000,000 and the estimated outstanding construction cost for completion of the property will be RMB120,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 106,318.81 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB836,000,000. We have taken into account the said amount in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,707,000,000.

10. As confirmed by the Group, the property is subject to a mortgage.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Shandong Redco is a legal and sustainable real estate development organization under the PRC laws and is entitled to develop the property;

    ii. Shandong Redco has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

iii. as confirmed by the Group, save for the above, Shandong Redco has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

iv. as confirmed by the Group, save for the above, Shandong Redco has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Shandong Redco can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

vi. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Shandong Redco can transfer or by other legal means dispose of such land use rights; and

vii. save for the above, Shandong Redco is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

12. In our valuation, we have assumed average unit rates of about RMB7,900/sq.m. for residential, about RMB2,600/sq.m. for storage, about RMB8,900/sq.m. for office, about RMB21,400/sq.m. for commercial (1/F to 2/F) and about RMB100,000/unit for car park if completed.

13. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments, storage units and car parks which have characteristics comparable to the property. The prices of those sales transactions are about RMB8,800 to 9,100/sq.m. for residential and about RMB7,900 to 10,700/sq.m. for office and those asking price references are about RMB20,300 to 25,000/sq.m. for commercial (1/F), about RMB2,500 to 3,500/sq.m. for storage and about RMB85,000 to 100,000/unit for car park. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
12.	Portion of Phases West IV and V and Phase East III of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	Mix Kingdom Redco (the "Development") is a large-scale residential and commercial complex erected on seven parcels of land with a total site area of approximately 395,596.4 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 205,890.3 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB472,000,000 (80.0% interest attributable to the Group: RMB377,600,000)

Block Nos. 15 to 18, Phase West IV

Use	Approximate Gross Floor Area (sq.m.)
Residential	67,350.8
Car park	4,672.8
Car park (Civil air defense)	2,757.8
Sub-total:	74,781.4

Block Nos. 11 and 33, Phase West V

Use	Approximate Gross Floor Area (sq.m.)
Residential	30,031.5
Commercial	3,633.0
Ancillary	3,572.9
Sub-total:	37,237.4

Phase East III

Use	Approximate Gross Floor Area (sq.m.)
Residential	75,655.0
Car park	6,933.4
Car park (Civil air defense)	9,466.0
Ancillary	1,817.1
Sub-total:	93,871.5
Total:	**205,890.3**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
		As advised by the Group, the construction of Phase West IV and Phases West V and East III are scheduled for completion by phase in the 3rd quarter of 2014 and the 2nd quarter of 2015 respectively. The land use rights of the property have been granted for two concurrent terms expiring on 12 October 2045 and 12 October 2075 for commercial and residential uses respectively.		

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of seven parcels of land with a total site area of 395,596.43 sq.m. have been granted to Changfeng Lianhua Real Estate Co., Ltd. (長豐聯華置業有限公司) ("Changfeng Lianhua") a 80.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Chang Feng Xian Guo Yong (2005) Di No. 3731	23 November 2005	9,511.20	Commercial: 12 October 2045
Chang Feng Xian Guo Yong (2005) Di No. 3732	23 November 2005	11,259.10	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3733	23 November 2005	18,269.03	Commercial: 12 October 2045
Chang Feng Xian Guo Yong (2005) Di No. 3734	23 November 2005	64,783.59	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3735	23 November 2005	96,685.35	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3736	23 November 2005	109,024.47	Residential: 12 October 2075
Chang Feng Xian Guo Yong (2005) Di No. 3737	23 November 2005	86,063.69	Residential: 12 October 2075
Total		**395,596.43**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit — Chang Gui Di Nan (2007) 085 dated 23 October 2007, Changfeng Lianhua is permitted to use a parcel of land with a site area of 761.60 mu (507,735.87 sq.m.) (including 158.00 mu (105,333.86 sq.m.) acquired for public facilities construction).

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to 16 Construction Works Planning Permits — Chang Jian Nan Xu (2013) Nos. 006 to 014, 042 to 046, 297 and 298 dated between 10 January 2013 and 30 October 2013, the approved construction scale of the property is 204,837.03 sq.m.

4. Pursuant to four Construction Works Commencement Permits — Nos. 012313012400096, 012313041200395, 012313110101421 and 012313110401428 dated between 24 January 2013 and 4 November 2013, the total approved construction scale of the property is 203,117.55 sq.m.

5. Pursuant to eleven Pre-sale Permits — Chang Fang Yu Shou Zheng Di Nos. 20130080, 20130081, 20137216 to 20137218, 20137238 to 20137241, 20137350 and 20137351 dated between 29 January 2013 and 14 November 2013, various buildings with a total gross floor area of 155,195.44 sq.m. are permitted for pre-sale.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

6. As advised by the Group, the total construction cost expended as at the date of valuation was RMB247,000,000 and the estimated outstanding construction cost for completion of the property will be RMB277,000,000. We have taken into account the said amounts in our valuation.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 143,318.62 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB692,000,000. We have taken into account the said amount in our valuation.

8. The market value of the property as if completed as at the date of valuation is estimated to be RMB932,000,000.

9. As confirmed by the Group, the property is subject to a mortgage.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Changfeng Lianhua is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Changfeng Lianhua has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. as confirmed by the Group, Changfeng Lianhua has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

    iv. as confirmed by the Group, Changfeng Lianhua has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

    v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Changfeng Lianhua can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights;

vi. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Changfeng Lianhua can transfer or by other legal means dispose of such land use rights; and

vii. save for the above, Changfeng Lianhua is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

11. In our valuation, we have assumed average unit rates of about RMB4,900/sq.m. for residential, about RMB14,200/sq.m. for commercial (1/F to 2/F) and about RMB60,000/unit for car park if completed.

12. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments and car parks which have characteristics comparable to the property. The prices of those sales transactions are about RMB5,100 to 5,400/sq.m. for residential and the prices of those asking price references are about RMB18,500 to 22,500/sq.m. for commercial (1/F) and about RMB50,000 to 65,000/unit for car park. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
13.	Stages 1 and 2, Phase I of Royal City, Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	Royal City (the "Development") is a large-scale residential and commercial complex. Phase I of the Development is erected on a parcel of land with a site area of approximately 69,466.8 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 125,508.5 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB258,000,000 (70.0% interest attributable to the Group: RMB180,600,000)

Stage 1, Phase 1

Use	Approximate Gross Floor Area (sq.m.)
Residential	40,851.3
Commercial	6,759.4
Basement	937.9
Sub-total:	48,548.6

Stage 2, Phase 1

Use	Approximate Gross Floor Area (sq.m.)
Residential	74,376.6
Basement	2,583.3
Sub-total:	76,959.9
Total:	**125,508.5**

As advised by the Group, the construction of the property are scheduled for completion by phases between the 4th quarter of 2014 and the 3rd quarter of 2015.

The land use rights of the property have been granted for two concurrent terms expiring in November 2052 for commercial use and November 2082 for residential use respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Shaan Xian (2012) No. 0051 dated 9 November 2012, the land use rights of a parcel of land with a site area of 69,466.80 sq.m. have been granted to Xianyang Redco Property Development Co., Ltd. (咸陽力高房地產開發有限公司) ("Xianyang Redco"), a 70.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a land grant fee of RMB76,000,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Xian Guo Yong (2013) Di No. 074 dated 8 June 2013, the land use rights of a parcel of land with a site area of 69,466.80 sq.m. have been granted to Xianyang Redco for two concurrent terms expiring in November 2052 for commercial use and November 2082 for residential use respectively.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi No. 610400201200044 dated 24 December 2012, Xianyang Redco is permitted to use a parcel of land with a site area of 104.20 mu (69,467.01 sq.m.).

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to two Construction Works Planning Permits — Jian Zi Nos. 610400201300030 and 610400201300059 dated 9 April 2013 and 22 July 2013 respectively, the approved construction scale of the property is 125,275.80 sq.m.

5. Pursuant to two Construction Works Commencement Permits — Xian Jian Shi Nos. 2013-39 and 2013-62 dated 18 June 2013 and 8 October 2013 respectively, the approved construction scale of the property is 125,275.80 sq.m.

6. Pursuant to two Pre-sale Permits — Xian Fang Yu Shou Zi Di Nos. 2013044 and 2013079 dated 2 August 2013 and 13 December 2013 respectively, various buildings with a total gross floor area of 75,402.41 sq.m. are permitted for pre-sale.

   As advised by the Group, the buildings as stated in the Pre-sale Permit mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB108,000,000 and the estimated outstanding construction cost for completion of the property will be RMB160,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 21,393.13 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB80,000,000. We have taken into account the said amount in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB575,000,000.

10. As confirmed by the Group, the property is free from any mortgages or other third party rights.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Xianyang Redco's enterprise qualification certificate for real estate development has expired and as confirmed by the Group, Xianyang Redco is applying for renewing such enterprise qualification certificate;

    ii. Xianyang Redco has legally obtained the land use rights of the property since the land grant fee of the land parcel of the property has been fully settled and the State-owned Land Use Rights Certificate of the property has been obtained;

    iii. as confirmed by the Group, save for the above, Xianyang Redco has obtained the necessary permits, approvals and certificates for the existing construction status of the property and such permits, approvals and certificates have not been found to be withdrawn or amended;

    iv. as confirmed by the Group, save for the above, Xianyang Redco has obtained the necessary permits for the pre-sale of portion of the property which has been pre-sold or is currently under pre-sale if applicable and is entitled to pre-sell such portion of the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permits;

    v. in respect of the pre-sold portion of the property with ownership transfer not registered, prior consent from the purchasers has to be obtained or the relevant sales and purchase agreements have to be cancelled before Xianyang Redco can transfer, lease, mortgage or by other legal means dispose of such aboveground buildings and their corresponding land use rights; and

    vi. Xianyang Redco is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the aboveground buildings and their corresponding land use rights of the unsold portion of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificate.

12. In our valuation, we have assumed average unit rates of about RMB4,400/sq.m. for residential and about RMB10,500/sq.m. for commercial (1/F to 2/F) if completed.

13. In undertaking our valuation of the property if completed, we have made reference to various asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB4,500 to 6,100/sq.m. for residential and about RMB11,000 to 15,500/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
14.	Bluelake County, South of Lian'an Road, East of Cheng'an Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	Bluelake County (the "Development") is a proposed large-scale residential and commercial complex to be erected on three parcels of land with a total site area of approximately 135,285.0 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 286,794.7 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB417,000,000 (100.0% interest attributable to the Group: RMB417,000,000)

East Zone

Use	Approximate Gross Floor Area (sq.m.)
Residential	152,197.9
Commercial	23,112.2
Car park	25,795.1
Car park (Civil air defense)	4,770.8
Ancillary	2,651.8
Sub-total:	208,527.8

West Zone

Use	Approximate Gross Floor Area (sq.m.)
Apartment	47,037.9
Commercial	17,906.3
Car park	3,996.8
Car park (Civil air defense)	9,325.9
Sub-total:	78,266.9
Total:	**286,794.7**

The land use rights of the property have been granted for two concurrent terms expiring on 24 December 2080 and 24 December 2050 for residential and commercial uses respectively.

Notes:

1. Pursuant to the following State-owned Land Use Rights Grant Contracts dated 24 December 2010, the land use rights of three parcels of land with a total site area of 135,297.00 sq.m. have been granted to Jiang Xi Chong De Real Estate Development Co., Ltd. (江西崇德房地產開發有限公司) ("Jiangxi Chongde"), a 100.0%-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	360102100080	36201001080080	67,297.00	Residential: 70 years Commercial: 40 years	40,377,800
2.	360102100081	36201001080081	68,000.00	Residential: 70 years	40,800,000
		Total:	**135,297.00**	**Total:**	**81,177,800**

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of 135,285.00 sq.m. have been granted to Jiangxi Chongde. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Nan Guo Yong (2011) Di No. 00379	18 October 2011	29,389.00	Commercial: 24 December 2050 Residential: 24 December 2080
Nan Guo Yong (2011) Di No. 00380	18 October 2011	37,896.00	Commercial: 24 December 2050 Residential: 24 December 2080
Nan Guo Yong (2011) Di No. 00381	18 October 2011	68,000.00	Commercial: 24 December 2050 Residential: 24 December 2080
Total		**135,285.00**	

3. Pursuant to the confirmation and approval from Nanchang County Urban-rural Planning and Construction Bureau (南昌縣城鄉規劃建設局) and Nanchang County Land and Resources Bureau (南昌縣國土資源局) (the "Confirmation and Approval"), the commencement date of the construction works of the property has been postponed from 23 June 2011 to the date after Jiangxi Chongde obtains the Construction Works Commencement Permit, which is, as advised by the Group, in the first half of 2014.

4. As confirmed by the Group, the property is subject to a mortgage.

5. We have been provided with a legal opinion on the title to the property issued by the Gourp's PRC legal adviser, which contains, inter alia, the following information:

    i. Jiangxi Chongde is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

    ii. Jiangxi Chongde has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

    iii. with reference to the Confirmation and Approval as mentioned in Note 3 above and as confirmed by the Group, the risk that Jiangxi Chongde will be subject to idle land fees and/or forfeiture of land for the delay in commencement of construction works of the property is low;

iv. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Jiangxi Chongde can transfer or by other legal means dispose of such land use rights; and

v. save for the above, Jiangxi Chongde is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

6. In our valuation, we have assumed average unit rates of about RMB6,400/sq.m. for residential, about RMB6,500/sq.m. for apartment, about RMB12,100/sq.m. for commercial (1/F to 2/F) and about RMB60,000/unit for car park if completed.

7. In undertaking our valuation of the property if completed, we have made reference some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB7,100 to 7,600/sq.m. for residential, about RMB18,000 to 20,000/sq.m. for commercial (1/F) and about RMB60,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difrerence and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
15.	Riverlake International, West of Chuangxin First Road, North and east of Planned Road, South of Provincial Academy of Sciences, Gaoxin District, Nanchang, Jiangxi Province, PRC	Riverlake International (the "Development") is a proposed residential development erected on a parcel of land with a site area of approximately 68,373.0 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 205,846.3 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 2)

Use	Approximate Gross Floor Area (sq.m.)
Residential	137,938.0
Commercial	8,999.7
Car park	27,712.8
Car park (Civil air defense)	27,712.8
Ancillary	3,483.0
Total:	**205,846.3**

The State-owned Land Use Rights Grant Contract of the property was signed on 11 October 2013 and the formal State-owned Land Use Rights Certificate of the property has not been issued.

(please refer to Note 1 for details of the land use rights of the property)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 36201301010062 and its supplementary agreement dated 11 October 2013 and 23 October 2013 respectively, the land use rights of a parcel of land with a site area of 68,373.00 sq.m. have been granted to Jiangxi Zhengli Property Development Co., Ltd. (江西政力房地產開發有限公司) ("Jiangxi Zhengli"), a 51.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a land grant fee of RMB844,064,685.

2. In the course of our valuation, we have ascribed no commercial value to the property as the land premium of the property has not been fully settled and the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB850,000,000 (51.0% interest attributable to the Group: RMB433,500,000).

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the State-owned Land Use Rights Grant Contract and its supplementary agreement as mentioned in the above Note 1 are legal, effective and binding on signing parties.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
16.	Phases II to IV of Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	Sunshine Coast (the "Development") is a large-scale residential and commercial complex erected on two parcels of land with a total site area of approximately 481,394.0 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phases II to IV of the Development with a total gross floor area of approximately 1,290,276.8 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB3,616,000,000 (99.0% interest attributable to the Group: RMB3,579,840,000)

Phase II

Use	Approximate Gross Floor Area (sq.m.)
Residential	236,906.9
Car park	75,018.2
Sub-total:	311,925.1

Phase III

Use	Approximate Gross Floor Area (sq.m.)
Residential	353,075.5
Commercial	5,698.5
Car park	56,297.9
Ancillary	10,826.9
Sub-total:	425,898.8

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
		Phase IV		

Use	Approximate Gross Floor Area (sq.m.)
Residential	427,766.2
Commercial	3,038.5
Car park	116,437.4
Ancillary	5,210.8
Sub-total:	552,452.9
Total:	**1,290,276.8**

The land use rights of the property have been granted for two concurrent terms expiring on 3 January 2051 and 3 January 2081 for commercial and residential uses respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract and its supplementary agreement dated 20 January 2011, the land use rights of a parcel of land with a site area of 481,394.00 sq.m. have been granted to Redco (Tianjin) Real Estate Co., Ltd. (力高(天津)地產有限公司) ("Redco (Tianjin)"), a 99.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB498,435,348.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract and its supplementary agreement mentioned above.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 481,394.00 sq.m. have been granted to Redco (Tianjin). Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)	Usage and Term
Fang Di Zheng Jin Zi Di No. 108051100042	21 January 2011	149,063.60	Commercial: 3 January 2051; residential: 3 January 2081
Fang Di Zheng Jin Zi Di No. 108051100043	21 January 2011	332,330.40	Commercial: 3 January 2051; residential: 3 January 2081
Total		**481,394.00**	

   As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit — 2010 Han Gu Di Zheng 0089 dated 12 January 2011, Redco (Tianjin) is permitted to use a parcel of land with a site area of 481,394.00 sq.m. for residential and commercial development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. As confirmed by the Group, the property is subject to three mortgages.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Redco (Tianjin) is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

   ii. Redco (Tianjin) has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

   iii. in respect of the mortgaged land use rights, prior approval from the mortgagees has to be obtained within the mortgage period before Redco (Tianjin) can transfer or by other legal means dispose of such land use rights; and

   iv. save for the above, Redco (Tianjin) is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

6. In our valuation, we have assumed average unit rates of about RMB16,000/sq.m. for residential, about RMB23,300/sq.m. for commercial (1/F to 2/F) and about RMB100,000/unit for car park if completed.

7. In undertaking our valuation of the property if completed, we have made reference to various asking price references of some residential and commercial developments and car parks which have characteristics comparable to the property. The prices of those asking price references are about RMB9,800 to 12,000/sq.m. for residential, about RMB24,000 to 32,900/sq.m. for commercial (1/F to 2/F) and about RMB100,000 to 125,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
17.	Land Lot Nos. A1 and A2, Binhai Tourism District, Tianjin, PRC	The property comprises two parcels of land with a total site area of approximately 69,336.2 sq.m. on which a proposed cultural-oriented residential and commercial complex will be erected. According to the latest development proposal provided by the Group, the property will be developed to have a total gross floor area of approximately 55,469.0 sq.m. Details of the uses and approximate gross floor areas of the property if completed are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential 44,375.2 Commercial 11,093.8 **Total: 55,469.0** The State-owned Land Use Rights Grant Contract and its supplementary agreement of the property were signed on 20 January 2011 and 12 December 2013 respectively and the formal State-owned Land Use Rights Certificate of the property has not been issued. (please refer to Note 1 for details of the land use rights of the property)	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract and its supplementary agreement dated 20 January 2011 and 12 December 2013 respectively, the land use rights of two parcels of land with a total site area of 69,336.20 sq.m. have been granted to Redco (Tianjin) Real Estate Co., Ltd. (力高(天津)地產有限公司) ("Redco (Tianjin)"), a 99.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB71,787,235.

2. In the course of our valuation, we have ascribed no commercial value to the property as the land premium of the property has not been fully settled and the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s), the market value of the property (excluding the Jointly Managed Portion) as at the date of valuation would be in the sum of RMB94,000,000 (99.0% interest attributable to the Group: RMB93,060,000).

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the State-owned Land Use Rights Grant Contract and its supplementary agreement as mentioned in the above Note 1 are legal, effective and binding on signing parties and the land premium of the property have not yet been paid in accordance with the supplementary agreement. Tianjin (Redco) may be subject to liabilities under the above-mentioned contract and supplementary agreement and relevant laws and regulations due to its failure to settle such land grant fees on time.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
18.	Phase I of Sunshine Coast, East of Nongda Road, South of Planned Road, Gaoxin District, Yantai, Shandong Province, PRC	Sunshine Coast (the "Development") is a proposed large-scale residential development. The property is erected on a parcel of land with a site area of approximately 51,693.7 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 186,470.8 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB236,000,000 (100.0% interest attributable to the Group: RMB236,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Residential	137,299.1
Commercial	7,457.0
Car park	30,155.2
Car park (Civil air defenses)	9,170.0
Ancillary	2,389.6
Total:	**186,470.8**

The land use rights of the property have been granted for three concurrent terms expiring on 26 September 2053 for commercial use, 26 September 2063 for public facilities use and 26 September 2083 for residential use respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Yan Tai-01-2013-0269 dated 27 September 2012, the land use rights of a parcel of land with a site area of 51,693.71 sq.m. have been granted to Yantai Redco Development Co., Ltd. (煙台力高置業有限公司) ("Yantai Redco Development"), a 100.0%-owned subsidiary of the Company, for three concurrent terms of 40 years for commercial use, 50 years for public facilities use and 70 years for residential use respectively at a land grant fee of RMB205,800,000.

2. Pursuant to the State-owned Land Use Rights Certificate — Yan Guo Yong (2013) Di No. 6042 dated 15 November 2013, the land use rights of a parcel of land with a site area of 51,693.71 sq.m. have been granted to Yantai Redco Development for three concurrent terms expiring on 26 September 2053 for commercial use, 26 September 2063 for public facilities use and 26 September 2083 for residential use respectively.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 370613201310031 dated 5 November 2013, Yantai Redco Development is permitted to use a parcel of land with a site area of 51,693.71 sq.m.

4. Pursuant to three Construction Works Planning Permits — Jian Zi Di Nos. 370613201310063 to 370613201310065 dated 30 December 2013, the approved construction scale of the property is 186,560.81 sq.m.

5. As confirmed by the Group, the property is free from any mortgages or other third party rights.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the State-owned Land Use Rights Grant Contract as mentioned in the above Note 1 is legal, effective and binding on signing parties; and

   ii. Yantai Redco Development has legally obtained the land use rights of the property since the land grant fee of the land parcel of the property has been fully settled and the State-owned Land Use Rights Certificate of the property has been obtained.

7. In our valuation, we have assumed average unit rates of about RMB8,100/sq.m. for residential, RMB14,500/sq.m. for commercial (1/F to 3/F) and about RMB80,000/unit for car park if completed.

8. In undertaking our valuation of the property if completed, we have made reference to various asking price references of some residential developments, commercial developments and car parks which have characteristics comparable to the property. The prices of those asking price references are about RMB6,700 to 7,300/sq.m. for residential, about RMB22,000 to 26,000/sq.m. for commercial (1/F) and about RMB80,000 to 90,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
19.	Portion of Phases West I and V of Mix Kingdom Redco, Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	Mix Kingdom Redco (the "Development") is a large-scale residential and commercial complex erected on seven parcels of land with a total site area of approximately 395,596.4 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 263,959.7 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB320,000,000 (80.0% interest attributable to the Group: RMB256,000,000)

Phase West I

Use	**Approximate Gross Floor Area (sq.m.)**
Residential	17,294.6
Sub-total:	17,294.6

Phase West V

Use	**Approximate Gross Floor Area (sq.m.)**
Residential	192,454.6
Car park	41,751.0
Car park (Civil air defense)	8,999.0
Ancillary	3,460.5
Sub-total:	246,665.1
Total:	**263,959.7**

The land use rights of the property have been granted for two concurrent terms expiring on 12 October 2045 and 12 October 2075 for commercial and residential uses respectively.

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of seven parcels of land with a total site area of 395,596.43 sq.m. have been granted to Changfeng Lianhua Real Estate Co., Ltd. (長豐聯華置業有限公司) ("Changfeng Lianhua") a 80.0%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	**Date of Issue**	**Site Area (sq.m.)**	**Usage and Term**
Chang Guo Yong (2005) Di 3731	23 November 2005	9,511.20	Commercial: 12 October 2045
Chang Guo Yong (2005) Di 3732	23 November 2005	11,259.10	Residential: 12 October 2075
Chang Guo Yong (2005) Di 3733	23 November 2005	18,269.03	Commercial: 12 October 2045
Chang Guo Yong (2005) Di 3734	23 November 2005	64,783.59	Residential: 12 October 2075
Chang Guo Yong (2005) Di 3735	23 November 2005	96,685.35	Residential: 12 October 2075
Chang Guo Yong (2005) Di 3736	23 November 2005	109,024.47	Residential: 12 October 2075
Chang Guo Yong (2005) Di 3737	23 November 2005	86,063.69	Residential: 12 October 2075
Total		**395,596.43**	

As advised by the Group, the property comprises portion of the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit — Chang Gui Di Nan (2007) 085 dated 23 October 2007, Changfeng Lianhua is permitted to use seven parcels of land with a total site area of 761.60 mu (507,735.87 sq.m.) (including 158.00 mu (105,333.86 sq.m.) acquired for public facilities construction).

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to 17 Construction Works Planning Permits — Chang Jian Nan Xu (2013) Nos. 296 and 327 to 342 dated between 25 October 2013 and 31 December 2013, the approved construction scale of various buildings of the Development is 202,576.74 sq.m.

As advised by the Group, the buildings as stated in the Construction Works Planning Permits mentioned above only comprise portion of the property.

4. As confirmed by the Company, the property is subject to a mortgage.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Changfeng Lianhua is a legal and sustainable real estate development organisation under the PRC laws and is entitled to develop the property;

   ii. Changfeng Lianhua has legally obtained the land use rights of the property since the land grant fee of the land parcels of the property has been fully settled and the State-owned Land Use Rights Certificates of the property have been obtained;

iii. in respect of the mortgaged land use rights, prior approval from the mortgagee has to be obtained within the mortgage period before Changfeng Lianhua can transfer or by other legal means dispose of such land use rights; and

iv. save for the above, Changfeng Lianhua is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificates.

6. In our valuation, we have assumed average unit rates of about RMB5,200/sq.m. for residential and about RMB60,000/unit for car park if completed.

7. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments and car parks which have characteristics comparable to the property. The prices of those sales transactions are about RMB5,100 to 5,200/sq.m. for residential and the prices of those asking price references are about RMB50,000 to 65,000/unit for car park. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
20.	Stage 3, Phase I of Royal City, Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	Royal City (the "Development") is a large-scale residential and commercial complex. Phase I of the Development is erected on a parcel of land with a site area of approximately 69,466.8 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 111,504.3 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB56,000,000 (70.0% interest attributable to the Group: RMB39,200,000

Use	Approximate Gross Floor Area (sq.m.)
Residential	93,552.0
Commercial	861.5
Car park	6,201.5
Car park (Civil air defense)	10,689.3
Ancillary	200.0
Total:	**111,504.3**

The land use rights of the property have been granted for two concurrent terms expiring in November 2052 for commercial use and November 2082 for residential use respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Shan Xian (2012) No. 0051 dated 9 November 2012, the land use rights of a parcel of land with a site area of 69,466.80 sq.m. have been granted to Xianyang Redco Property Development Co., Ltd. (咸陽力高房地產開發有限公司) ("Xianyang Redco"), a 70.0%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a land grant fee of RMB76,000,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Xian Guo Yong (2013) Di No. 074 dated 8 June 2013, the land use rights of a parcel of land with a site area of 69,466.80 sq.m. have been granted to Xianyang Redco for two concurrent terms expiring in November 2052 for commercial use and November 2082 for residential use respectively.

   As advised by the Group, the property comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi No. 610400201200044 dated 24 December 2012, Xianyang Redco is permitted to use a parcel of land with a site area of 104.20 mu (69,467.01 sq.m.).

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. As confirmed by the Group, the property is free from any mortgages or other third party rights.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Xianyang Redco's enterprise qualification certificate for real estate development has expired and as confirmed by the Group, Xianyang Redco is applying for renewing such enterprise qualification certificate;

   ii. Xianyang Redco has legally obtained the land use rights of the property since the land grant fee of the land parcel of the property has been fully settled and the State-owned Land Use Rights Certificate of the property has been obtained; and

   iii. Xianyang Redco is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the land use rights of the property within the land use terms as stipulated in the State-owned Land Use Rights Certificate.

6. In our valuation, we have assumed average unit rates of about RMB4,600/sq.m. for residential, about RMB10,800/sq.m. for commercial (1/F to 2/F) and about RMB50,000/unit for car park if completed.

7. In undertaking our valuation of the property if completed, we have made reference to various asking price references of some residential and commercial developments and car parks which have characteristics comparable to the property. The asking price references are about RMB4,500 to 6,100/sq.m. for residential, about RMB11,000 to 15,500/sq.m. for commercial (1/F) and about RMB50,000 to 52,000/unit for car park. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
21.	Royal International, Lot No. G11337-0095, Pingshan New District, Shenzhen, Guangdong Province, PRC	The property comprises a parcel of land with a site area of approximately 33,035.3 sq.m. on which Royal International, a proposed large-scale residential and commercial complex, will be erected. According to the latest development proposal provided by the Group, the property will be developed to have a total gross floor area of approximately 177,640.0 sq.m. Details of the uses and approximate gross floor areas of the property if completed are as follows:	As at the date of valuation, the property was currently vacant land.	RMB980,000,000 (51.0% interest attributable to the Group: RMB499,800,000)

Use	Approximate Gross Floor Area (sq.m.)
Residential (refer to Note 1)	114,090.0
Commercial	14,000.0
Car park	40,950.0
Car park (Civil air defense)	4,550.0
Ancillary	4,050.0
Total:	**177,640.0**

The State-owned Land Use Rights Grant Contract was signed on 23 December 2013 and the formal State-owned Land Use Rights Certificate of the property has not been issued.

(please refer to Note 1 for details of the land use rights of the property)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Shen Di He Zi (2013) No. 9009 (the "Grant Contract") dated 23 December 2013, the land use rights of a parcel of land with a site area of 33,035.28 sq.m. have been granted to Jiangxi Zhengli Property Development Co., Ltd. (江西政力房地產發展有限公司) ("Jiangxi Zhengli"), a 51.0%-owned subsidiary of the Company, for a term of 70 years commencing on 23 December 2013 and expiring on 22 December 2083 for residential use at a land grant fee of RMB980,000,000.

   According to the Grant Contract, Jiangxi Zhengli is required to develop a total gross floor area of 114,090.00 sq.m. for residential use (including a total gross floor area of 50,000.00 sq.m. for resettlement housing).

2. As advised by the Group, the land premium of the property has been fully settled.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the State-owned Land Use Rights Grant Contract as mentioned in the above Note 1 is legal, effective and binding on signing parties.

4. In our valuation, we have assumed an accommodation value* of about RMB7,400/sq.m.

5. In undertaking our valuation of the property, we have made reference to recent sales transactions of some sites which have characteristics comparable to the property. The accommodation values of those sales transactions are about RMB5,800 to 14,000/sq.m. The accommodation value assumed by us is consistent with the said sales transactions. Due adjustments to the accommodation values of those sales transactions have been made to reflect factors including but not limited to time, location and permissible gross floor area in arriving at the key assumption.

   * Accommodation value is the value of the sale price analysed on basis of per sq.m. of the permissible gross floor area and is a common way of analysis of land sale transaction.

VALUATION CERTIFICATE

Group IV — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
22.	Two parcels of land neighbouring Sunshine Coast, South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	The property comprises two parcels of land with a total site area of approximately 274,668.0 sq.m. on which two proposed large-scale resort-type developments will be erected. As advised by the Group, the permitted gross floor area of the property is approximately 332,801.7 sq.m. for residential and resort uses.	As at the date of valuation, the property was under reclamation.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to two Letters of Intent for Tianjin Changhai Resort and Tianjin Lanwan Resort (the "Letters of Intent") entered into between Management Committe of Tianjin Binhai Tourism District (天津濱海旅游區管理委員會) ("MC of Tianjin Binhai") and Redco Holdings (Hong Kong) Co. Limited (力高集團(香港)有限公司) ("Redco Holdings (Hong Kong)"), a 100.0%-owned subsidiary of the Company, MC of Tianjin Binhai has agreed in principle to provide two parcels of land with a total site area of approximately 412.00 mu (274,668.04 sq.m.) to Redco Holdings (Hong Kong) for the construction of two large-scale resort-type developments. Details of the land parcels as stated in the Letters of Intent mentioned above are as follows:

Development Name	Site Area (mu)	Site Area (sq.m.)	Plot Ratio	Approximate Permitted Gross Floor Area (sq.m.)	Usage
Tianjin Changhai Resort	182.00	121,333.94	Not more than 1.10	133,467.33	Residential and commercial
Tianjin Lanwan Resort	230.00	153,334.10	Not more than 1.30	199,334.33	Residential and commercial
Total	**412.00**	**274,668.04**		**332,801.66**	

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB499,000,000 (100.0% interest attributable to the Group: RMB499,000,000).

VALUATION CERTIFICATE

Group IV — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
23.	Various parcels of land located at east of Nongda Road and south of Planned Road, Gaoxin District, Yantai, Shandong Province, PRC	The property comprises various parcels of land with a total site area of approximately 419,247.3 sq.m. on which Phases II and III of Sunshine Coast (the "Development"), a proposed large-scale residential development, will be erected. As advised by the Group, the permitted gross floor area of the property is approximately 1,053,000.0 sq.m. for residential use.	As at the date of valuation, the property was occupied by various village-typed developments and agricultural land.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to two framework agreements and a memorandum of project co-operation for the redevelopment of Beizhai Village (the "Framework Agreements") entered into between Management Committe of Yantai Hi-tech Industrial Development Zone (煙台高新技術產業園區管理委員會) (the "Management Committee"), Villagers Committee of Beizhai Village of Mashan Sub-district Office in Yantai Hi-tech Industrial Development Zone (煙台高新技術產業園區馬山街道辦事處北寨村村民委員會) (the "Villagers Committee") and Yantai Redco Development Co., Ltd. (煙台力高置業有限公司) ("Yantai Redco Development"), a 100.0%-owned subsidiary of the Company, between 26 March 2013 and 29 March 2013, the Management Committee and the Villagers Committee have agreed in principle to provide various parcels of land with a total site area of approximately 706.07 mu (470,715.69 sq.m.) (including vavious parcels of land with a total site area of approximately 100 mu (66,667.00 sq.m.) retained for economic development by the Villagers Committee) to Yantai Redco Development for the construction of the redevelopment of Beizhai Village. Details of the land parcels as stated in the Framework Agreements mentioned above are as follows:

Site Area	:	Phase 1 — approximately 77 mu (51,333.59 sq.m.) Phase 2 — approximately 629 mu (419,247.29 sq.m.) (including approximately 100 mu (66,667.00 sq.m.) retained for economic development by the Villagers Committee)
Plot Ratio	:	2.55
Permitted Gross Floor Area for Development	:	Approximately 1,200,000 sq.m.
Usage	:	Residential

As advised by the Group, the property comprises portion of the land parcels as stated in the Framework Agreements mentioned above.

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB1,264,000,000 (100.0% interest attributable to the Group: RMB1,264,000,000).

VALUATION CERTIFICATE

Group IV — Properties intended to be acquired by the Group in the PRC

No.	**Property**	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at 31 December 2013**
24.	Various parcels of land located at Zhonghua West Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	The property comprises various parcels of land with a total site area of approximately 863,871.2 sq.m. on which the proposed Phases II to IX of Royal City (the "Development"), a large-scale residential and commercial complex, will be erected. As advised by the Group, the permitted gross floor area of the property is approximately 2,425,240.2 sq.m. for residential and commercial uses.	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to the Framework Agreement for Project Development (the "Framework Agreement") entered into between Xianyang Hi-tech Industrial Development Zone (咸陽高新技術產業開發區) ("Xianyang Hi-tech Zone") and Redco Holdings (Hong Kong) Co. Limited (力高集團(香港)有限公司) ("Redco Holdings (Hong Kong)"), a 100.0%-owned subsidiary of the Company, dated 20 April 2010, Xianyang Hi-tech Zone has agreed in principle to provide various parcels of land with a total site area of approximately 1,400 mu (933,338.00 sq.m.) to Redco Holdings (Hong Kong) for the construction of an urban complex. Details of the land parcels as stated in the Framework Agreement mentioned above are as follows:

Site Area	:	1,400 mu (933,338.00 sq.m.)
Plot Ratio	:	Not less than 3.00
Permitted Gross Floor Area for Development	:	Approximately 2,800,000 sq.m.
Usage	:	Comprehensive Development

As advised by the Group, the property comprises portion of the land parcels as stated in the Framework Agreement mentioned above.

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB1,237,000,000 (100.0% interest attributable to the Group: RMB1,237,000,000).

VALUATION CERTIFICATE

Group IV — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
25.	A parcel of land located at south of Wei 10th Road, north of Wei 11th Road and west of Meiya Road, Baohua Town, Jurong, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 152,743.0 sq.m. on which a proposed large-scale residential and commercial complex will be erected. As advised by the Group, the permitted gross floor area of the property is approximately 427,680.4 sq.m. for residential and commercial uses.	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to the Framework Agreement for Project Development (the "Framework Agreement") entered into between People's Government of Baohua Town, Jurong (句容市寶華鎮人民政府) ("Baohua Government") and Redco Industrial Investment Limited (力高實業投資有限公司) ("Redco Industrial"), a 100.0%-owned subsidiary of the Company, dated 18 September 2013, Baohua Government has agreed in principle to provide a parcel of land with a site area of approximately 152,743.00 sq.m. to Redco Industrial for residential and commercial development. Details of the land parcel as stated in the Framework Agreement mentioned above are as follows:

Site Area	:	152,743.00 sq.m. (229 mu)
Plot Ratio	:	Not less than 2.80
Permitted Gross Floor Area for Development	:	Approximately 427,680.40 sq.m.
Usage	:	Residential and commercial

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB291,000,000 (100.0% interest attributable to the Group: RMB291,000,000).

VALUATION CERTIFICATE

Group IV — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
26.	A parcel of land located at Tianxiang Market, Nanchang, Jiangxi Province, PRC	The property comprises a parcel of land with a site area of approximately 354.0 mu (236,001.2 sq.m.). on which a proposed large-scale residential and commercial complex will be erected. As advised by the Group, the planned permitted gross floor area of the property is approximately 700,000.0 sq.m. (including basement) for commercial uses.	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to the Cooperation Agreement entered into between Loyal Honest Int'l (Hong Kong) (中信國際集團(香港)) ("Loyal Honest") and Jiangxi Redco Property Development Co., Ltd. (江西力高房地產開發有限公司) ("Jiangxi Redco Property Development"), a 100.0%-owned subsidiary of the Company, dated 25 October 2013, Jiangxi Redco Property Development and Loyal Honest have agreed in principle to set up a project company to bid for a parcel of land with a site area of approximately 354.00 mu (236,001.18 sq.m.) for residential and commercial development. Details of the land parcel as stated in the Cooperation Agreement mentioned above are as follows:

Site Area	:	354.00 mu (236,001.18 sq.m.)
Planned Plot Ratio	:	Not less than 2.50 but not more than 2.80
Planned Permitted Gross Floor Area for Development	:	Approximately 700,000.00 sq.m. (including basement)
Planned Usage	:	Residential and commercial

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the land premium and obtained all proper State-owned Land Use Rights Certificate(s) of the property, the market value of the property as at the date of valuation would be in the sum of RMB1,357,000,000.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
27.	Level 6 of Block 9B, Gaoxin Garden (高新花園), No. 1 Jingdian 2nd Road, Gaoxin District, Xianyang, Shaanxi Province, PRC	The property comprises an office unit of a 10-storey office building completed in 2005. The gross floor area of the property is approximately 452.8 sq.m. The property is leased by Xianyang Redco Property Development Co., Ltd. (咸陽力高房地產開發有限公司) ("Xianyang Redco"), a 70.0%-owned subsidiary of the Company, from Xianyang Xinyuan Property Development Co., Ltd. (咸陽新元房地產開發有限公司) (the "lessor"), an independent third party, for a term expiring on 15 May 2014.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Xianyang Redco from the lessor for a term commencing on 15 May 2012 and expiring on 15 May 2014 at a monthly unit rent of RMB26/sq.m. for the first year with an annual increment of 5%. The current monthly unit rent is RMB27.30/sq.m.

2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding; and

   ii. the lease agreement has not been registered. According to the Commodity Housing Leasing Management Regulations (商品房屋租賃管理辦法), failure to register lease agreements within 30 days of signing may be subject to rectification order, and upon failure to comply with the rectification order, an administrative fine of RMB1,000 to RMB10,000 may be imposed. Thus, Xianyang Redco may be subject to the aforesaid administrative fine due to non-registration of the lease agreement.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
28.	Room 303, No. 42 Wei 3rd Road, Gaoxin District, Yantai, Shandong Province, PRC	The property comprises an office unit of a 6-storey warehouse building completed in 2012. The gross floor area of the property is approximately 100.0 sq.m. The property is leased by Yantai Redco Development Co., Ltd. (煙台力高置業有限公司) ("Yantai Redco Development"), a 100.0%-owned subsidiary of the Company, from Technology and Enterpreneurship Services Centre of Yantai Hi-tech Industrial Development Zone (煙台高新技術產業園區科技創業服務中心) (the "lessor"), an independent third party, for a term expiring on 23 September 2014.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Yantai Redco Development from the lessor for a term commencing on 24 September 2013 and expiring on 23 September 2014 at a nil monthly rental.

2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding; and

   ii. the lease agreement has not been registered. According to the Commodity Housing Leasing Management Regulations (商品房屋租賃管理辦法), failure to register lease agreements within 30 days of signing may be subject to rectification order, and upon failure to comply with the rectification order, an administrative fine of RMB1,000 to RMB10,000 may be imposed. Thus, Yantai Redco Development may be subject to the aforesaid administrative fine due to non-registration of the lease agreement.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
29.	Room 152, Level 1, Block No. 1, Binhai Tourism District, Tianjin, PRC	The property comprises an office unit of a 3-storey office building completed in 2011. As advised by the Group, the gross floor area of the property is approximately 178.0 sq.m. The property is leased by Redco (Tianjin) Real Estate Co., Ltd. (力高(天津)地產有限公司) ("Redco (Tianjin)"), a 99.0%-owned subsidiary of the Company, from Tianjin Binhai Tourism District Construction Development Co., Ltd. (天津濱海旅遊區建設開發有限公司) (the "lessor"), an independent third party, for a term expiring on 31 December 2014.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Redco (Tianjin) from the lessor for a term commencing on 1 January 2013 and expiring on 31 December 2014 at a nil monthly rental.

2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding; and

   ii. the lease agreement has not been registered. According to the Commodity Housing Leasing Management Regulations (商品房屋租賃管理辦法), failure to register lease agreements within 30 days of signing may be subject to rectification order, and upon failure to comply with the rectification order, an administrative fine of RMB1,000 to RMB10,000 may be imposed. Thus, Redco (Tianjin) may be subject to the aforesaid administrative fine due to non-registration of the lease agreement.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
30.	Unit 1A of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises an office unit of 43-storey office building completed in 2009. The gross floor area of the property is approximately 200.0 sq.m. The property is leased by Shenzhen Xingju Trading Co., Ltd. (深圳興居貿易有限公司) ("Shenzhen Xingju"), a 100.0%-owned subsidiary of the Company, from Jiangsheng Property Development (Shenzhen) Co., Ltd. (江勝房地產開發(深圳)有限公司) (the "lessor"), an independent third party, for a term expiring on 28 February 2017.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Shenzhen Xingju from the lessor for a term commencing on 1 August 2013 and expiring on 28 February 2017 at a monthly rental of RMB42,400 for the first seven months with an annual increment of 6% from 1 March 2014.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
31.	Unit 1B of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises an office unit of a 43-storey office building completed in 2009. The gross floor area of the property is approximately 200.0 sq.m. The property is leased by Shenzhen Chuangxin Construction Cost Consulting Co., Ltd. (深圳創信工程造價諮詢有限公司) ("Shenzhen Chuangxin"), a 100.0%-owned subsidiary of the Company, from Jiangsheng Property Development (Shenzhen) Co., Ltd. (江勝房地產開發(深圳)有限公司) (the "lessor"), an independent third party, for a term expiring on 28 February 2017.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Shenzhen Chuangxin from the lessor for a term commencing on 1 August 2013 and expiring on 28 February 2017 at a monthly rental of RMB42,200 for the first seven months with an annual increment of 6% from 1 March 2014.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
32.	Unit 1C of Level 28, Block B, Rongchao Tower, No. 6003 Yitian Road, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises an office unit of a 43-storey office building completed in 2009. The gross floor area of the property is approximately 230.0 sq.m. The property is leased by Shenzhen Jindian Design Consulting Co., Ltd. (深圳市今典設計顧問有限公司) ("Shenzhen Jindian"), a 100.0%-owned subsidiary of the Company, from Jiangsheng Property Development (Shenzhen) Co., Ltd. (江勝房地產開發(深圳)有限公司) (the "lessor"), an independent third party, for a term expiring on 28 February 2017.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Shenzhen Jindian from the lessor for a term commencing on 1 August 2013 and expiring on 28 February 2017 at a monthly rental of RMB48,760 for the first seven months with an annual increment of 6% from 1 March 2014.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
33.	Rooms 4002-4003, Changda Ruifeng Block B, No. 9999 Changdong Avenue, Nanchang, Jiangxi Province, PRC	The property comprises an office unit of an 8-storey office building completed in 2008. As advised by the Group, the gross floor area of the property is approximately 439.0 sq.m. The property is leased by Jiangxi Zhengli Property Development Co., Ltd. (江西政力房地產開發有限公司) ("Jiangxi Zhengli"), a 51.0%-owned subsidiary of the Company, from Jiangxi Changda Ruifeng Technology Development Co., Ltd. (江西昌大瑞豐科技發展有限公司) (the "lessor"), an independent third party, for a term expiring on 30 November 2016.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Jiangxi Zhengli from the lessor for a term commencing on 1 December 2013 and expiring on 30 November 2016 at a unit monthly rent of RMB16/sq.m. for the first year with an annual increment of 6% (including management fees).

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
34.	A workshop located at No. 3 Renfeng Qian Street, Tianqiao District Jinan, Shandong Province, PRC	The property comprises a workshop unit of an industrial building completed in 1998. The gross floor area of the property is approximately 2,500.0 sq.m. The property is leased by Shandong Hengjia Real Estate Co., Ltd. (山東恒嘉置業有限公司) ("Shandong Hengjia"), a 100.0%-owned subsidiary of the Company, from No. 1 Branch of Jinan Rengfeng Textile Co., Ltd. (濟南仁豐紡織有限責任公司第一分公司) (the "lessor"), an independent third party, for a term expiring on 31 May 2015.	As at the date of valuation, the property was occupied by the Group for sales office use.	No commercial value

Notes:

1. The property is leased by Shandong Hengjia from the lessor for a term commencing on 1 June 2009 and expiring on 31 May 2015 at a annual rental of RMB400,000 for the first three years with an annual increment of 10% from the fourth year. The current annual rental is RMB440,000.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
35.	An office unit located at Block 1, No. 266 Ruzi Road, Xihu District, Nanchang, Jiangxi Province, PRC	The property comprises an office unit of an 8-storey office building completed in 2010. The gross floor area of the property is approximately 212.6 sq.m. The property is leased by Redco Development (Jiangxi) Co., Ltd. (力高置業(江西)有限公司) ("Redco Development (Jiangxi)"), a 50.0%-owned subsidiary of the Company, from Xihu Urban Construction Investments Development Co., Ltd. (西湖城市建設投資發展有限公司) (the "lessor"), an independent third party, for a term expiring on 30 December 2017.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Redco Development (Jiangxi) from the lessor for a term commencing on 1 January 2013 and expiring on 30 December 2017 at a monthly rental of RMB3,826.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
36.	Room 109, Block 2, West Phase II, Mix Kingdom Redco, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	The property comprises a commercial unit of a large-scale residential development completed in 2012. The gross floor area of the property is approximately 220.6 sq.m.. The property is leased by Changfeng Lianhua Real Estate Co., Ltd. (長豐聯華置業有限公司) ("Changfeng Lianhua"), a 80.0%-owned subsidiary of the Company, from Ding Zhenyong, Xu Jinghua (丁珍勇、許敬華) (the "lessors"), an independent third party, for a term expiring on 31 December 2018.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Changfeng Lianhua from the lessors for a term commencing on 1 January 2013 and expiring on 31 December 2018 at a annual rental of RMB228,000.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
37.	Room 905, Unit 1, Block 19, Barcelona Region, Spain Standard, No. 3366 Jinsha 2nd Road, Nanchang, Jiangxi Province, PRC	The property comprises an office unit of a 13-storey residential building completed in 2011. The gross floor area of the property is approximately 47.1 sq.m. The property is leased by Jiangxi Man Wo Property Development Co., Ltd. (江西萬和房地產開發有限公司) ("Jiangxi Man Wo"), a 100.0%-owned subsidiary of the Company, from Wan Chaoyang (萬朝陽) (the "lessor"), an independent third party, for a term expiring on 23 September 2024.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Jiangxi Man Wo from the lessor for a term commencing on 1 July 2013 and expiring on 23 September 2024 at a quarterly rental of RMB450.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group V — Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
38.	Three office units located at Level 4, Office Building at East Yard, No. 65-9 Gongye South Road, Lixia District, Jinan, Shandong Province, PRC	The property comprises three office units of a 7-storey office building completed in 2006. The total gross floor area of the property is approximately 102.6 sq.m. The property is leased by Shandong Redco Real Estate Development Co., Ltd. (山東力高房地產開發有限公司) ("Shandong Redco"), a 100.0%-owned subsidiary of the Company, from China Construction Eighth Engineering Division First Construction Co., Ltd. (中建八局第一建設有限公司) (the "lessor"), an independent third party, for a term expiring on 31 July 2014.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Shandong Redco from the lessor for a term commencing on 1 August 2013 and expiring on 31 July 2014 at a total annual rental of RMB36,950.40.

2. The lease agreement has been duly registered.

3. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lease agreement is effective and legally binding.

VALUATION CERTIFICATE

Group VI — Property leased by the Group in Hong Kong

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 December 2013
39.	Rooms 2001-2, together with Car Parking Spaces Nos. 35, 36, 54 and 69 on 3rd Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	The property comprises two office units together with four car parking spaces of a 35-storey Grade A office tower over five commercial / carport completed in 2004. Enterprise Square Three is located on the east of Wang Chiu Road at its junctions with Sheung Yee Road and Lam Fung Street and is bounded by Wang Tai Road on the east in Kowloon Bay district of Kowloon Peninsula. The total gross floor area of the property is approximately 423.6 sq.m. (4,560 sq.ft.). The property is leased by Redco Holdings (Hong Kong) Co. Limited (力高集團(香港)有限公司), ("Redco Holdings (Hong Kong)"), a 100.0%-owned subsidiary of the Company, from Wong Yuek Hung (黃若虹), a connected person of the Company, for a term commencing on 1 January 2014 and expiring on 31 December 2015 at a monthly rental of HK$125,000 exclusive of management fees, Government rates and Government rent.	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 July 2008 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and the Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 14 January 2014. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with the Company or with any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy or any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) *Borrowing powers*

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) *Register of Directors and officers*

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) *Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) **Alteration of capital**

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) **Special resolution - majority required**

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) **Voting rights (on a poll and a show of hands) and right to demand a poll when Chairman allows a show of hands**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share), and on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote at the meeting shall be decided on a poll save that the Chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. For the foregoing purposes, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to the members; and (ii) relate to the Chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

(i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands where voting by a show of hands is allowed.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) **Annual general meetings**

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) **Notices of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) **Transfer of shares**

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend subsequently declared or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) **Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) **Inspection of corporate records**

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) **Untraceable members**

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) **Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 14 July 2008 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) **Company operations**

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the Company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the Company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the Company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the Company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the Company. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the Company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the Company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the Company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the Company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the Company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the Company is authorised in accordance with the Company's articles of association or by a resolution of the directors to hold such shares in the name of the Company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Cayman Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the Company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the Company to challenge:

(i) an act which is *ultra vires* the Company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the Company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the Company in issue, appoint an inspector to examine the affairs of the Company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the Company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) **Disposal of assets**

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the Company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the Company and (iii) the assets and liabilities of the Company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 29 July 2008.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) **Stamp duty on transfers**

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) **Inspection of corporate records**

The members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's articles of association.

(n) **Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the Company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(o) **Winding up**

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the Company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the Company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the Company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the Company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the Company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the Company has been disposed of, and thereupon call a general meeting of the Company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the Company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the Company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the Company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the Company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the Company shall be in the custody of the court.

(p) **Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on July 14, 2008. We have established a principal place of business in Hong Kong at Room 2001-2, Enterprise Square 3, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 4 December 2013. Mr. Huang Ruoqing has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and our Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Articles of Association is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix V to this prospectus.

2. Changes in the share capital of our Company

As at the date of our incorporation, our initial authorised share capital was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each.

Pursuant to the resolutions in writing of the Shareholders of our Company passed on 14 January 2014 below, our authorised share capital was increased from HK$380,000 to HK$5,000,000,000 by the creation of an additional 49,996,200,000 Shares. We allotted and issued an aggregate of 1,199,999,800 Shares to our then existing Shareholders pursuant to the Capitalisation Issue.

Immediately following the completion of the Global Offering and the Capitalisation Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the issued share capital of our Company will be HK$160,000,000 divided into 1,600,000,000 Shares, all fully paid or credited as fully paid, and 48,400,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the sub-section headed "Resolutions in writing of the Shareholders of our Company passed on 14 January 2014" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the Shareholders of our Company passed on 14 January 2014

(i) Pursuant to written resolutions of the Shareholders of our Company passed on 14 January 2014:

(a) the amended and restated Memorandum and Articles of Association were approved and adopted conditional upon and with effect from the Listing;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 3,800,000 Shares to HK$5,000,000,000 divided into 50,000,000,000 Shares by the creation of an additional 49,996,200,000 Shares of HK$0.10 each;

(c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering and the Capitalisation Issue (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme); (ii) the entering into of the Price Determination Agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved and our Directors were authorised to approve the allotment and issue of the Shares, as the case may be, pursuant to the Global Offering on and subject to the terms and conditions thereof as set out in this prospectus and the Application Forms to be published by our Company in accordance with the Listing Rules;

(ii) the granting of the Over-allotment Option by our Company to the International Underwriters, exercisable by the Joint Global Coordinators, on behalf of the International Underwriters, pursuant to which the Joint Global Coordinators may require our Company to allot and issue up to an additional 15% of the number of Shares (the "**Over-allotment Shares**") under the Global Offering at the Offer Price to cover over-allocation was approved and our Directors were authorised to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Other Information — Share Option Scheme" below, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and

(iv) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorised to capitalise HK$119,999,980 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,199,999,800 Shares. Such Shares to be allotted and issued to the Shareholders whose names are on the register of members of our Company on the date before the Listing Date in proportion to their shareholdings in our Company;

(d) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and Capitalisation Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

4. **Corporate Reorganisation**

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please refer to the section "History, Reorganisation and Group Structure" in this prospectus.

5. **Changes in the Share Capital of Subsidiaries**

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the Track Record Period:

Name of subsidiary	Date of change	Capital before change	Capital after change
Redco Development (Jiangxi).....	18 January 2010	HK$300,000,000	HK$350,000,000
	28 July 2010	HK$350,000,000	HK$150,000,000
Redco (Tianjin)..........................	22 November 2011	HK$100,000,000	HK$490,000,000
Yantai Redco Development	4 September 2013	US$22,230,000	US$48,000,000

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries during the Track Record Period.

6. **Repurchases of Our Shares**

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions passed by our then Shareholders on 14 January 2014, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the purchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 1,600,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (and assuming that the Over-allotment Option is not exercised and no Share is issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to 160,000,000 Shares being repurchased by our Company during the period prior to (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first (the "Relevant Period"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 1,660,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue could result in 166,000,000 Shares being repurchased by our Company during the Relevant Period.

(d) ***General***

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares than in issue could only implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

(a) the instrument of transfer and bought and sold notes both dated 9 March 2012 between Fan Huili (范慧琍) and Redco Holdings (BVI), pursuant to which Fan Huili transferred 1 ordinary share in Fame Step to Redco Holdings (BVI) at a consideration of HK$1;

(b) the share transfer agreement dated 23 July 2012 between Chen Huoming and Redco (China), pursuant to which Chen Huoming transferred 100% equity interest in Shenzhen Xingju to Redco (China) at a consideration of RMB 1,000,000;

(c) the share transfer agreement dated 13 August 2012 between Jiangxi Redco Property Development and Chen Huaimei, pursuant to which Jiangxi Redco Property Development transferred 30% equity interest in Xianyang Redco to Chen Huaimei at a consideration of RMB 6,000,000;

(d) the share transfer agreement dated 25 August 2012 among Kao Fen To (高芬陀), Liu Mingzhi (劉明志), Hong Kong Great Strength and Redco (China), pursuant to which Kao Fen To transferred 45.122% equity interest in Forever China to Hong Kong Great Strength at a consideration of US$1,110,000 and Liu Mingzhi transferred 54.878% of equity interest in Forever China to Redco (China) at a consideration of US$1,350,000;

(e) the share transfer agreement dated 25 August 2012 between Redco Holdings (Hong Kong) and Hong Kong Binjiang, pursuant to which Redco Holdings (Hong Kong) transferred 64% equity interest in Quanzhou Binjiang to Hong Kong Binjiang at a consideration of RMB8,320,000;

(f) the share transfer agreement dated 25 August 2012 between Redco Holdings (Hong Kong) and Hong Kong Spring Top, pursuant to which Redco Holdings (Hong Kong) transferred 60.89% equity interest in Redco Group (Fujian) to Hong Kong Spring Top at a consideration of HK$25,500,000;

(g) the share transfer agreement dated 25 August 2012 among Redco Holdings (Hong Kong), Redco Properties (HK) and Fujian Hui Gao, pursuant to which Redco Holdings (Hong Kong) transferred 53% and 7% equity interest in Redco (China) to Redco Properties (HK) and Fujian Hui Gao at a consideration of HK$53,000,000 and nil, respectively;

(h) the share transfer agreement dated 25 August 2012 among Wong Ling (黃淩), Chen Huoming, Hong Kong Great Strength and Redco (China), pursuant to which Wong Ling transferred 45% equity interest in Quanzhou Ligao to Hong Kong Great Strength at a consideration of HK$4,500,000 and Chen Huoming transferred 55% equity interest in Quanzhou Ligao to Redco (China) at a consideration of HK$5,500,000;

(i) the instrument of transfer and bought and sold notes both dated 17 October 2012 between Redco Holdings (BVI) and Power Spring, pursuant to which Redco Holdings (BVI) transferred 1 ordinary share in Redco Industrial to Power Spring at a consideration of HK$1;

(j) the instrument of transfer and bought and sold notes both dated 17 October 2012 between Redco Holdings (BVI) and Top Glory, pursuant to which Redco Holdings (BVI) transferred 1 ordinary share in Fame Step to Top Glory at a consideration of HK$1;

(k) the instrument of transfer dated 25 October 2012 between Redco Holdings (BVI) and Mr. Wong, pursuant to which Redco Holdings (BVI) transferred 1 ordinary share in Wei Li International to Mr. Wong at a consideration of US$1;

(l) the instrument of transfer dated 29 October 2012 between Redco Holdings (BVI) and Mr. Wong, pursuant to which Mr. Wong transferred 88,000 shares in Redco Holdings (Hong Kong) to Redco Holdings (BVI) at a consideration of HK$400,000,000;

(m) the instrument of transfer dated 29 October 2012 between Redco Holdings (BVI) and Sze Kai Fei (施佳菲), pursuant to which Sze Kai Fei transferred 12,000 shares in Redco Holdings (Hong Kong) to Redco Holdings (BVI) at a consideration of HK$400,000,000;

(n) the share transfer agreement dated 6 November 2012 among Redco Holdings (Hong Kong), Hong Kong Royal Lofty and Fujian Hui Gao, pursuant to which Redco Holdings (Hong Kong) transferred 25% equity interest in Shandong Redco to Hong Kong Royal Lofty at a consideration of HK$25,000,000;

(o) the share transfer agreement dated 11 November 2012 among Ding Xiaofeng (丁曉峰), Zhou Jianchuan (周建川), Xie Yongqian (謝永謙), Lam Chi Yung (林智勇) and Redco Holdings (BVI), pursuant to which Ding Xiaofeng, Zhou Jianchuan, Xie Yongqian and Lam Chi Yung transferred 60%, 15%, 15% and 10% equity interest in Maxprofit Globe to Redco Holdings (BVI) at a consideration of RMB50,886,000, RMB12,721,500, RMB12,721,500 and RMB8,481,000, respectively;

(p) the instrument of transfer and bought and sold notes both dated 23 November 2012 between GNL 12 Limited and Maxprofit Globe, pursuant to which GNL 12 Limited transferred 1 ordinary share in Bloom Trend to Maxprofit Globe at a consideration of HK$1;

(q) the instrument of transfer and bought and sold notes both dated 20 December 2012 between Company Kit Secretarial Services Limited and Golden Equal, pursuant to which Company Kit Secretarial Services Limited transferred 1 share in Redco International (HK) to Golden Equal at a consideration of HK$1;

(r) the share transfer agreement dated 4 January 2013 between Fujian Hui Gao and Jiangxi Man Wo, pursuant to which Fujian Hui Gao transferred 36% equity interest in Quanzhou Binjiang to Jiangxi Man Wo at a consideration of RMB4,680,000;

(s) the share transfer agreement dated 4 January 2013 between Fujian Hui Gao and Jiangxi Man Wo, pursuant to which Fujian Hui Gao transferred 47% equity interest in Redco (China) to Jiangxi Man Wo at a consideration of HK$47,000,000;

(t) the share transfer agreement dated 4 January 2013 between Fujian Hui Gao and Jiangxi Man Wo, pursuant to which Fujian Hui Gao transferred 39.11% equity interest in Redco Group (Fujian) to Jiangxi Man Wo at a consideration of HK$16,380,000;

(u) the share transfer agreement dated 28 January 2013 among Fujian Hui Gao, Jiangxi Man Wo and Hong Kong Royal Lofty, pursuant to which Fujian Hui Gao transferred 75% equity interest in Shandong Redco to Jiangxi Man Wo at a consideration of HK$75,000,000;

(v) the instrument of transfer dated 1 March 2013 between Redco Holdings (BVI) and Mr. Wong, pursuant to which Mr. Wong transferred 1 ordinary share in Max Income to Redco Holdings (BVI) at a consideration of US$1;

(w) the instrument of transfer dated 26 June 2013 between High Valued Group Limited and Max Income, pursuant to which High Valued Group Limited transferred 16 shares in Golden Equal to Max Income at a consideration of US$16;

(x) the share transfer agreement dated 13 September 2013 between Hong Kong Wing Power and Redco (China), pursuant to which Redco (China) transferred 10% equity interest in Yantai Redco Development including the right to pay up its shareholder's capital contribution to Hong Kong Wing Power;

(y) the instrument of transfer dated 26 September 2013 between Mr. Wong and Redco Holdings (BVI), pursuant to which Mr. Wong transferred 1 ordinary share in Wei Li International to Redco Holdings (BVI) at a consideration of US$1;

(z) the share transfer agreement dated 28 September 2013 between Redco Holdings (Hong Kong) and Fujian Hui Gao, pursuant to which Redco Holdings (Hong Kong) transferred 30% equity interest in Yantai Redco Real Estate to Fujian Hui Gao at a consideration of US$1,500,000;

(aa) the share transfer agreement dated 10 October 2013 among Jiangxi Man Wo, Quanzhou Yaoli Investment Company Limited (泉州耀力投資有限公司), Hong Kong Spring Top and Hong Kong Sun Power Industrial Limited (香港力暉實業有限公司), pursuant to which Jiangxi Man Wo transferred 39.11% equity interest in Redco Group (Fujian) to Quanzhou Yaoli Investment Company Limited at a consideration of HK$16,380,000 and Hong Kong Spring Top transferred 60.89% equity interest in Redco Group (Fujian) to Hong Kong Sun Power Industrial Limited at a consideration of HK$25,500,000;

(bb) the share transfer agreement dated 10 October 2013 among Jiangxi Man Wo, Quanzhou Minggao Investment Company Limited (泉州銘高投資有限公司), Hong Kong Binjiang and Hong Kong Sun Power Industrial Limited, pursuant to which Jiangxi Man Wo transferred 36% equity interest in Quanzhou Binjiang to Quanzhou Minggao Investment Company Limited at a consideration of RMB4,680,000 and Hong Kong Binjiang transferred 64% equity interest in Quanzhou Binjiang to Hong Kong Sun Power Industrial Limited at a consideration of RMB8,320,000;

(cc) the share transfer agreement dated 29 October 2013 between Redco Holdings (Hong Kong) and Hong Kong Sun Power Industrial Limited, pursuant to which Redco Holdings (Hong Kong) transferred 50% equity interest in Quanzhou Ruifeng to Hong Kong Sun Power Industrial Limited at a consideration of US$2,580,000;

(dd) the share transfer agreement dated 12 November 2013 between Redco (China) and Quanzhou Yaoli Investment Company Limited, pursuant to which Redco (China) transferred 54.878% equity interest in Forever China to Quanzhou Yaoli Investment Company Limited at a consideration of US$1,350,000;

(ee) the share transfer agreement dated 12 November 2013 between Redco (China) and Quanzhou Minggao Investment Company Limited, pursuant to which Redco (China) transferred 55% equity interest in Quanzhou Ligao to Quanzhou Minggao Investment Company Limited at a consideration of HK$5,500,000;

(ff) the instrument of transfer dated 12 November 2013 between Redco Holdings (BVI) and Hong Kong Sun Power Industrial Limited, pursuant to which Redco Holdings (BVI) transferred 1 ordinary share of Power Success to Hong Kong Sun Power Industrial Limited at a consideration of US$1;

(gg) the deed of indemnity dated 17 January 2014 given by our controlling shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries) in respect of, amongst others, taxation and property matters referred to in the paragraph headed "Tax and other indemnities" in this Appendix;

(hh) the deed of non-competition dated 17 January 2014 given by our controlling shareholders in favor of our Company as detailed in the paragraph headed "Our controlling shareholders — Non-competition Undertakings" of this prospectus; and

(ii) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) *Trademarks*

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademark which, in the opinion of our Directors, is material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
力高地产 REDCO REAL ESTATE	301619181	36	Our Company	Hong Kong	20 May 2010	19 May 2020

As at the Latest Practicable Date, our Group had applied for the registration of the following trademark which, in the opinion of our Directors, is material to our business:

Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
(A) (B)	302703320	36	Our Company	Hong Kong	13 August 2013

(b) *Domain name*

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
redco.cn	Shenzhen Xingju	19 September 2003	19 September 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Disclosure of Interests

(a) *Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account of any Shares that may be issued under the Over-allotment Option or the Share Option Scheme), the interests or short positions of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our 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 under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to our Company once the Shares are listed will be as follows:

Interest in Shares of our Company

Name of Director	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding interest
Huang Ruoqing	Interest in controlled corporation[2]	480,000,000 (L)	30%

Note:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Huang Ruoqing beneficially owns 100% of the issued share capital of Times International.

(b) *Interests and short positions of the Substantial Shareholders in the Shares and Underlying Shares of Our Company*

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares that may be issued under the Over-allotment Option or the Share Option Scheme), the following persons, (not being Directors or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

(i) *Interests and short positions in our Shares and Underlying Shares:*

Name of Shareholder	Nature of Interest	Number of Shares*(Note 1)*	Approximate percentage of interest in our Company immediately following the completion of the Global Offering and the Capitalisation Issue
Mr. Wong*(Note 2)*	Interest in controlled corporation	720,000,000 (L)	45%
Global Universe	Beneficial owner	720,000,000 (L)	45%
Times International*(Note 3)*	Beneficial owner	480,000,000 (L)	30%
Sze Kai Fei *(Note 4)*	Interest of spouse	720,000,000 (L)	45%
Fan Huili *(Note 5)*	Interest of spouse	480,000,000 (L)	30%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Global Universe is wholly-owned by Mr. Wong and Mr. Wong is deemed to be interested in the Shares held by Global Universe.

(3) Times International is wholly-owned by Huang Ruoqing and Huang Ruoqing is deemed to be interested in the Shares held by Times International.

(4) Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.

(5) Fan Huili is the spouse of Huang Ruoqing. By virtue of the SFO, Fan Huili is deemed to be interested in the Shares held by Huang Ruoqing.

(ii) *Interests of the substantial shareholders of any member of Our Group (Other than Our Company)*

Direct or indirect interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of subsidiary	Name of shareholder	Percentage of interest
Redco Investment	Top Plan (HK) Limited	50%
Jiangxi Zhengli[(Note 1)]	Nanchang Municipal Public Construction Co., Ltd.	49%
Changfeng Lianhua	Fujian Qunsheng Group Co., Ltd.	20%
Xianyang Redco	Chen Huaimei	30%

Note 1: Jiangxi Zhengli in turn wholly owns Shenzhen Dadao.

Save as set out above, the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering and the Capitalisation Issue be interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group (other than our Company) or any options in respect of such capital.

2. Particulars of Service Contracts

(a) *Executive Directors*

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) *Independent Non-executive Directors*

Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) *Others*

(i) Save as disclosed above, none of our Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(ii) None of directors or chief executive received any fees or emoluments in respect of their services to our Group in 2010, 2011 and 2012 and the nine months ended 30 September 2013. Details of the Directors' remuneration are also set out in Note 9 of Section II in the Accountant's Report set out in Appendix I to this prospectus.

(iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending 31 December 2014 is estimated to be approximately HK$2,550,000.

(iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money for 2010, 2011 and 2012 and the nine months ended 30 September 2013 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for 2010, 2011 and 2012 and the nine months ended 30 September 2013.

(vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. **Competing Interest of Directors**

Please refer to the section "Our controlling shareholders — Relationship with Our controlling shareholders" in this prospectus.

4. **Fees or Commissions Received**

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the section headed "— Other Information — Consents of Experts" below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. **Disclaimers**

Save as disclosed this prospectus:

(a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;

(b) none of our Directors nor any of the parties listed in the section headed "— Other Information — Consents of Experts" below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors nor any of the parties listed in the section headed "— Other Information — Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) save for the Underwriting Agreements, none of the parties listed in the section headed "— Other Information — Consents of Experts" below:

  (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;

(e) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and

(f) none of the Directors, their respective associates or Shareholders of our Company is interested in more than 5% of the issued share capital of our Company has any interests in the five largest suppliers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on 14 January 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) **Purpose**

The Share Option Scheme is established to enable our Company to grant Options to Eligible Participants (as defined in paragraph (b) below) as incentives or rewards for their contribution or potential contribution to our Company and/or any of its subsidiaries.

(b) **Who may join**

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any Directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1 (or an equivalent amount in RMB) to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) **Maximum number of Shares**

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 1,600,000,000 Shares, representing 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue, excluding for this purpose Shares which may have been issued upon the exercise of the Over-allotment Option or options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (q) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(d) **Maximum number of options to any one individual**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(e) **Price of Shares**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(f) **Granting options to connected persons**

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of our Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(g) **Restrictions on the times of grant of Options**

A grant of options may not be made after inside information has come to its knowledge until it has announced the information pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules);

(ii) the deadline for our Company to publish an announcement of results of our Company for (i) any year or half-year period in accordance with the Listing Rules; and (ii) any quarterly or any other interim period, where our Company has elected to publish such results (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be), and where the grant of options is to a Director;

(iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(h) **Rights are personal to grantee**

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do.

(i) **Time of exercise of Option and duration of the Share Option Scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) **Performance target**

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(k) **Rights on ceasing employment or death**

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

(i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (r) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of three months from such cessation; or

(ii) by reason of death, ill-health, injury or disability, his personal representative(s) may exercise the option within a period of 12 months from such cessation or death of such grantee, which date of cessation shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(l) **Rights on dismissal**

If the grantee of an Option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our group, or has been convicted of any criminal offense involving his integrity or honesty, his Option will lapse and not be exercisable after the date of termination of his employment.

(m) **Rights on takeover**

If a general or partial offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders during the option period of the relevant option, the grantee of an option notwithstanding any other terms on which the Options were granted, shall be entitled to exercise the Options (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time within such period as shall be notified by our Company.

(n) **Rights on winding-up**

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(o) **Rights on compromise or arrangement between our Company and its members or creditors**

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme of arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(p) **Ranking of Shares**

No dividends shall be payable in relation to shares that are the subject of options that have not been exercised. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise. Shares issued on the exercise of an option shall not be entitled to any rights attaching to shares by reference to a record date preceding the date of allotment.

(q) **Effect of alterations to capital**

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company in accordance with applicable laws and regulatory requirements, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value.

The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(r) **Expiry of option**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;

(iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our group on any one or more of the following grounds:

(1) that he has been guilty of serious misconduct;

(2) that he has been convicted of any criminal offense involving his integrity or honesty or in relation to an employee of our group;

(3) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or

(4) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

(s) **Alteration of the Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall remain in compliance with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(t) **Cancellation of Options**

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(u) **Termination of the Share Option Scheme**

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) **Administration of the Board**

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) **Condition of the Share Option Scheme**

The Share Option Scheme is conditional on:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;

(iii) the approval of the rules of the Share Option Scheme by our Shareholders in general meeting; and

(iv) the commencement of dealings in the Shares on the Stock Exchange.

(x) **Disclosure in annual and interim reports**

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(y) **Present status of the Share Option Scheme**

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 160,000,000 Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

Our controlling shareholders have entered into the Deed of Indemnity with and in favor of each member of our Company (being the contract referred to the section headed "Further Information About Our Business — Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

2. Litigation

As at the Latest Practicable Date, we were not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees are HK$3.8 million and are payable by our Company.

4. Preliminary Expenses

The preliminary expenses of our Company are approximately US$1,200 and have been paid by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Taxation of holders of Shares

(a) *Hong Kong*

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
ICBC International Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Savills Valuation and Professional Services Limited	Property valuer
King & Wood Mallesons	PRC legal adviser to our Company
Appleby	Legal adviser as to Cayman Islands law
Baker Tilly Hong Kong Risk Assurance Limited	Independent external consulting firm
Hart Giles, Solicitors & Notaries	A solicitor firm in Hong Kong

8. **Consents of Experts**

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus the form and context in which it is respectively included.

9. **Interests of experts in our Company**

None of the persons named in paragraph 7 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. **Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

11. **Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2013 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(c) Save as disclosed in the prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.

(d) The principal register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(g) Save as disclosed in the prospectus, our Company has no outstanding convertible debt securities or debentures.

12. **Bilingual Prospectus**

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption from Companies and prospectuses from Compliance Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the WHITE, YELLOW and GREEN Application Forms;

(b) the written consents referred to in the section headed "Statutory and General Information — Other Information — Consents of Experts" in Appendix VI to this prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — Further Information About Our Business — Summary of Material Contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the amended and restated Memorandum and Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the letters from PricewaterhouseCoopers and the Sole Sponsor relating to the profit estimate, the texts of which are set out in Appendix III to this prospectus;

(e) the letter, the summary of values and valuation certificates relating to our property interests prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in Appendix IV to this prospectus;

(f) the audited consolidated financial statements of our Group for 2010, 2011 and 2012 and the nine months ended 30 September 2013;

(g) the letter of advice from Appleby, our Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of Cayman Companies Law referred to in "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix V to this prospectus;

(h) the Cayman Companies Law;

(i) the legal opinions issued by King & Wood Mallesons, our PRC legal adviser in respect of our Group's business operations and property interests in the PRC;

(j) the legal opinion dated the prospectus date issued by Hart Giles, Solicitors & Notaries, a solicitors firm in Hong Kong, our Hong Kong special legal advisors in respect of non-compliance of section 122 of the Companies Ordinance regarding certain subsidiaries of our Group;

(k) the material contracts referred to in the section headed "Statutory and General Information — Further Information About Our Business — Summary of Material Contracts" in Appendix VI to this prospectus;

(l) the service agreements with each of the Directors referred to in the paragraph headed "Statutory and General Information — Further Information About Our Business — Particulars of Service Contracts" in Appendix VI to this prospectus;

(m) the written consents referred to in the section headed "Statutory and General Information — Other Information — Consents of Experts" in Appendix VI to this prospectus;

(n) the internal control report prepared by Baker Tilly Hong Kong Risk Assurance Limited; and

(o) the rules of the Share Option Scheme.

力高地产
REDCO REAL ESTATE