

# 2024

## INTERIM REPORT

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## FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2014 RMB'000	2013 RMB'000	Change (%)
Revenue	1,282,569	1,913,921	(33.0%)
Gross profit	338,023	717,319	(52.9%)
Profit before income tax	235,097	637,268	(63.1%)
Profit for the period	140,459	269,539	(47.9%)
Profit attributable to equity holders of the Company	135,493	263,289	(48.5%)
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	8.82	21.94	(59.8%)

  

	30 June	31 December	Change
	2014 RMB'000	2013 RMB'000	
Total Assets	9,147,221	8,001,586	14.3%
Cash and cash equivalents	658,280	827,804	(20.5%)
Total Bank and other borrowings	<u>2,408,072</u>	<u>1,453,568</u>	65.7%

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. HUANG Ruoqing  
Mr. TANG Chengyong  
Mr. HONG Duxuan

### *Independent non-executive directors*

Dr. WONG Yau Kar, David BBS, JP  
Mr. CHAU On Ta Yuen  
Mr. YIP Tai Him  
Mr. CHOW Kwong Fai, Edward JP

## COMPANY SECRETARY

Mr. CHAN Hing Chau

## AUTHORISED REPRESENTATIVES

Mr. HUANG Ruoqing  
Mr. CHAN Hing Chau

## AUDIT COMMITTEE

Mr. CHOW Kwong Fai, Edward JP (*Chairman*)  
Mr. YIP Tai Him  
Dr. WONG Yau Kar, David BBS, JP  
Mr. CHAU On Ta Yuen

## REMUNERATION COMMITTEE

Mr. YIP Tai Him (*Chairman*)  
Mr. CHAU On Ta Yuen  
Mr. HUANG Ruoqing

## NOMINATION COMMITTEE

Mr. HUANG Ruoqing (*Chairman*)  
Dr. WONG Yau Kar, David BBS, JP  
Mr. CHAU On Ta Yuen

## AUDITOR

PricewaterhouseCoopers

## LEGAL ADVISORS

Sidley Austin  
39th Floor, Two International Finance Centre  
Central, Hong Kong

## COMPLIANCE ADVISOR

Celestial Capital Limited  
21/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. 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

## PRINCIPLE PLACE OF BUSINESS IN HONG KONG

Room 2001-2, Enterprise Square 3  
39 Wang Chiu Road, Kowloon Bay  
Kowloon, Hong Kong

## CAYMAN ISLANDS 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  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## CORPORATE INFORMATION

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
China Construction Bank  
Bank of China  
Agricultural Bank of China  
Hang Seng Bank  
Bank of China (Hong Kong) Limited

### INVESTOR RELATIONS

Email: [ir@redco.cn](mailto:ir@redco.cn)  
Fax: (852) 2758 8392

### STOCK CODE

1622

### WEBSITE

[www.redco.cn](http://www.redco.cn)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

Redco Properties Group Limited (the “Company”) and its subsidiaries (the “Group”) is 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, Pearl River Delta Region and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei, Shenzhen and Xianyang. For the six months ended 30 June 2013 and 2014, our revenue was RMB 1,913.9 million and RMB 1,282.6 million respectively. And our profit for the six months ended 30 June 2013 and 2014, attributable to equity holders of the Company was RMB263.3 million and RMB135.5 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 the “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, auctions and listings-for-sale. We have also adopted other land acquisition strategies which 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 past experience in developing quality property projects to acquire further land in the same geographical area. We have engaged in property development projects whereby either we or the original land use rights owner(s) are responsible for resettlement operations including compensation and resettlement of affected residents, demolition of existing structures and clearing of land of the relevant areas.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUR PROPERTY DEVELOPMENT PROJECTS

As at 30 June 2014, our property portfolio comprised 16 property development projects with an aggregate gross floor area ("GFA") of 3,876,386 square metres ("sq.m.") under various stages of development remaining unsold in various cities in the PRC. The following table sets forth a summary of our property development projects as at 30 June 2014:

Project	Site area <sup>(1)</sup> (sq.m.)	Total GFA <sup>(2)</sup> (sq.m.)	Total GFA under various stages of development remaining unsold <sup>(4)</sup> (sq.m.)
<b>NANCHANG</b>			
Crown International 皇冠國際	53,673.2	271,040.4	2,831.4
Crowne Plaza Nanchang Riverside Hotel 力高皇冠假日酒店	4,636.7	57,986.8	57,986.8
Spain Standard 力高國際城	466,665.3	908,932.6	329,639.1
Riverside International 濱江國際	37,345.7	204,600.6	116,683.2
Bluelake County 瀾湖郡	135,285.0	286,794.7	286,794.7
Riverlake International 濱湖國際	68,373.0	205,846.3	205,846.3
Prince Royal Washington <sup>(3)</sup> 君御華府	41,994.5	112,150.4	112,150.4
<b>TIANJIN</b>			
Sunshine Coast 陽光海岸	481,394.0	1,475,226.0	1,475,226.0
Land Lot Nos. A1 and A2	69,336.2	55,469.0	55,469.0
<b>JINAN</b>			
Redco International 力高國際	54,162.0	226,076.9	102,945.6
Splendid the Legend 盛世名門	51,675.2	205,813.6	10,102.0
Scenery Holiday 假日麗景	34,934.9	87,545.2	2,157.9
<b>YANTAI</b>			
Sunshine Coast - Phase I 陽光海岸	51,693.7	186,470.8	186,470.8
<b>HEFEI</b>			
Mix Kingdom Redco 力高•共和城	395,596.4	871,735.3	517,430.1
<b>XIANYANG</b>			
Royal City - Phase I 御景灣	69,466.8	237,012.8	237,012.8
<b>SHENZHEN</b>			
Royal International 力高君御花園	33,035.3	177,640.0	177,640.0
<b>TOTAL</b>			<b>3,876,386</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

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. "Total GFA" is based on surveying reports, construction works commencement permits and/or construction works planning permits or the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. In the first half of 2014, the Group entered into a land grant contract relating to a new project in Nanchang through the public auction. The total GFA remaining unsold included the area for residential properties, commercial properties, car parks, civil air defense car park and ancillary. The total consideration for such acquisition is RMB340.1 million.
4. "Total GFA under various stages of development remaining unsold" include the GFA of the completed projects remaining unsold, GFA of projects under development and the GFA of projects for future development.

### RECENT DEVELOPMENT

#### *Capital Injection to Jiangxi Yiju Property Development Co., Ltd.*

In August 2014, Hong Kong Binjiang Industrial Limited ("Hong Kong Binjiang"), a wholly-owned subsidiary of the Company, entered into the framework agreement with 南昌市國資置業有限公司 (Nanchang Guozi Zhiye Company Limited) ("Guozi Zhiye") and an independent investor (the "Framework Agreement"), pursuant to which, each of the parties agreed to inject capital to 江西怡居房地產開發有限公司 ("Jiangxi Yiju Property Development Co., Ltd.") ("Jiangxi Yiju"), a wholly-owned subsidiary of Guozi Zhiye immediately prior to the Capital Injection. Following the completion of Capital Injection, Jiangxi Yiju will be held as to 30%, 40% and 30% by Hong Kong Binjiang, Guozi Zhiye and the independent investor, respectively. As Hong Kong Binjiang shall have control of a majority of the board of directors of Jiangxi Yiju under the terms of the Framework Agreement, Jiangxi Yiju will become an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Injection. On 5 March 2014, Jiangxi Yiju had successfully bid for the land use rights of a parcel of land with a site area of approximately 84,094 sq.m. which is planned for the development of high-rise apartments, low-rise apartments, commercial units and car parks.

Based on our estimates of current project plans, details of the project as at the date of this report were as follows:

#### *Construction period*

Estimated date of commencement	Forth quarter of 2014
Estimated date of completion	Third quarter of 2017
Total planned GFA (sq.m.)	223,420*
Attributable interest to the Group	30%

\* "Total 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Issuance of Senior Notes 2014*

To further diversify the Company's financing channels, on 1 August 2014, the Company issued US\$125 million 13.75% senior notes due 2019 (the "Senior Notes 2014") for refinancing certain existing indebtedness, financing its existing and new property development projects (including land premium and construction costs) and for other general corporate purposes.

### *Acquisition of the land use rights of the Land*

On 21 August 2014, Yantai Redco Development Co. Ltd.\* (烟台力高置業有限公司), a wholly-owned subsidiary of the Company, succeeded in bidding, through the public auction, for the land use rights of a parcel of land (Lot No. XZQTD 160) (the "Land") in Hefei City, Anhui Province, the People's Republic of China (the "PRC") at a consideration of RMB681.3 million.

The Land is situated at east of Fengshan Road, south of Tianshui Road, Xinzhan District, Hefei City, Anhui Province, the PRC\* (中國安徽省合肥市新站區鳳山路以東、天水路以南) with a site area of approximately 132.04 mu (approximately 88,025.8 sq.m.) and its plot ratio shall not exceed 2.8.

Based on our estimates of current project plans, details of the project as at the date of this report as follow:

Estimated date of commencement	Forth quarter of 2014
Estimated date of completion	Third quarter of 2017
Total planned GFA (sq.m.)	308,792**
Attributable interest to the Group	100%

\*\* "Total 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.

## FINANCIAL REVIEW

### *Results of Operations*

#### *Revenue*

Overall revenue for the six months ended 30 June 2014 decreased by 33.0% to RMB 1,282.6 million from RMB1,913.9 million for the six months ended 30 June 2013 which was primarily due to the decrease in our GFA delivered for the residential property for Riverside International in Nanchang and Splendid the Legend in Jinan, partially offset by the early delivery of, and the GFA delivered for, Redco International in Jinan which the Group started recognizing revenue in the first half of 2014. Total GFA delivered declined by 37.0% to 179,526 sq.m for the six months ended 30 June 2014 from 284,919 sq.m. for the six months ended 30 June 2013. Such decline was consistent with the delivery schedule of the Group as disclosed in the prospectus of the Company dated 21 January 2014 (the "Prospectus") which indicated that a majority of the planned bulk GFA deliveries for the year 2014 are scheduled in the second half of 2014. For those planned GFA delivery for the second half of 2014, a large portion of those property development projects had been pre-sold and the Group will recognise revenue when the construction completed and the GFA delivered. Details of the delivery schedule for the year 2014 are available in the "Business — Portfolio of our property development projects" section of the Prospectus. The decrease in our total GFA delivered was partially offset by the slight increase in the recognised average selling price ("ASP") for the properties delivered in the first half of 2014. The ASP for properties delivered increased slightly to RMB 7,144 for the six months ended 30 June 2014 from RMB6,717 for the six months ended 30 June 2013, representing a 6.4% growth from a year earlier, which was primarily driven by the higher ASP contributed by the Redco International in Jinan delivered in current period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out a breakdown of the Group's revenue, GFA delivered and recognised ASP by geographical segments:

	For the six months ended 30 June					
	2014	2013	2014	2013	2014	2013
	Revenue (RMB'000)		GFA Delivered (sq.m.)		Recognised ASP (RMB per sq.m.)	
Greater Western						
Taiwan Straits Economic Zone	360,182	870,833	56,357	121,729	6,391	7,154
Central and Western Regions	11,587	171,034	1,010	32,382	11,472	5,282
Bohai Economic Rim	910,800	872,054	122,159	130,808	7,456	6,667
Pearl River Delta Region	—	—	—	—	—	—
Others	—	—	—	—	—	—
<b>Total</b>	<b>1,282,569</b>	<b>1,913,921</b>	<b>179,526</b>	<b>284,919</b>	<b>7,144</b>	<b>6,717</b>

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 58.6% to RMB360.2 million for the six months ended 30 June 2014 from RMB870.8 million for the six months ended 30 June 2013. The decrease was primarily attributable to the decrease in GFA delivered for Riverside International in Nanchang, a property development project for which we began to recognise revenue from sales in 2013.
- Central and Western Regions: Our segment revenue for the Central and Western Regions decreased by 93.2% to RMB11.6 million for the six months ended 30 June 2014 from RMB171.0 million for the six months ended 30 June 2013. The decrease was primarily due to the decrease in the GFA delivered for Mix Kingdom Redco in Hefei.
- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim increased by 4.4% to RMB910.8 million for the six months ended 30 June 2014 from RMB872.1 million for the six months ended 30 June 2013. The increase was attributable to the increase in GFA delivered for Redco International in Jinan, a property development project for which we began to recognise revenue from sales in the first half of 2014, partially offset by the decrease in the GFA delivered for Splendid the Legend in Jinan, a property development project for which we began to recognise revenue from sales in 2013.
- Pearl River Delta Region: There was only one project in this region during the six months ended 30 June 2014. No revenue was recognised during this period.
- Others: It mainly represents our headquarters at Shenzhen. There was no revenue for the six months ended 30 June 2013 and 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Cost of sales*

Cost of sales decreased by 21.1% to RMB944.5 million for the six months ended 30 June 2014 from RMB1,196.6 million for the six months ended 30 June 2013. This decrease was primarily due to a decrease in cost of properties sold as a result of a decrease in GFA delivered to 179,526 sq.m. for the six months ended 30 June 2014 from 284,919 sq.m. for the six months ended 30 June 2013 partially offset by (i) an increase in average land acquisition costs per sq.m. delivered to RMB1,209 for the six months ended 30 June 2014 from RMB1,034 for the six months ended 30 June 2013 and (ii) an increase in average construction costs per sq.m. delivered to RMB3,480 for the six months ended 30 June 2014 from RMB2,543 for the six months ended 30 June 2013. The increase in average land acquisition costs per sq.m. delivered was primarily due to the relatively high land acquisition costs and the construction cost per sq.m. for Redco International in Jinan. The increase in the construction cost in Redco International in Jinan is mainly due to additional temperature-protection works that need to be done for the outside walls of the residential properties in the cities throughout North China.

### *Gross profit*

Gross profit decreased by 52.9% to RMB338.0 million for the six months ended 30 June 2014 from RMB717.3 million for the six months ended 30 June 2013. Our gross profit margin decreased to 26.4% for the six months ended 30 June 2014 from 37.5% for the six months ended 30 June 2013. This decrease was primarily attributable to the decrease in the GFA delivered for Riverside International in Nanchang and Splendid the Legend in Jinan which have relatively high gross profit margin.

### *Other gains/(losses), net*

Other gains increased to RMB0.3 million for the six months ended 30 June 2014 from a loss of RMB0.1 million for the six months ended 30 June 2013. The increase was primarily attributable to the gains of RMB0.3 million mainly arising from the disposal of property, plant and equipment of the Group.

### *Selling and marketing expenses*

Selling and marketing expenses increased by 30.5% to RMB26.6 million for the six months ended 30 June 2014 from RMB20.4 million for the six months ended 30 June 2013. Selling and marketing expenses mainly represent the promotion of our properties. The increase was mainly due to the increase in the number of projects in the first half of 2014.

### *General and administrative expenses*

General and administrative expenses increased by 137.8% to RMB75.1 million for the six months ended 30 June 2014 from RMB31.6 million for the six months ended 30 June 2013. This increase was primarily due to the legal and professional fees paid for the listing of the Company's shares (the "Share") on the Main Board of the Hong Kong Stock Exchange, employee benefit, office and travelling expenses, partially offset by a decrease in other general and administrative expenses.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Impairment of goodwill*

Impairment of goodwill decreased by 100% to nil for the six months ended 30 June 2014 from RMB25.2 million for the six months ended 30 June 2013. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua Real Estate Co., Ltd. ("Changfeng"), which holds Mix Kingdom Redco in Hefei. The decrease in 2014 mainly was due to only few GFA delivered in the first half of 2014 and therefore no additional impairment made for each phase of Changfeng.

### *Operating profit*

As a result of the above, our operating profit decreased by 63.0% to RMB236.6 million for the six months ended 30 June 2014 from RMB640.0 million for the six months ended 30 June 2013.

### *Finance income*

Finance income increased by 61.2% to RMB4.1 million for the six months ended 30 June 2014 from RMB2.5 million for the six months ended 30 June 2013. This increase was primarily attributable to an increase in interest income from bank deposits due to an increase in bank deposits and the increase in the interest rate for the cash pledged for the loan in the first half of 2014.

### *Finance costs*

Finance costs decreased by 45.8% to RMB1.5 million for the six months ended 30 June 2014 from RMB2.7 million for the six months ended 30 June 2013, which was mainly due to the decrease in borrowing for the general corporate purpose and most of the loan interest has been capitalized in the properties under development.

### *Share of loss of a joint venture*

Share of loss of a joint venture increased by 57.5% to RMB4.1 million for the six months ended 30 June 2014 from RMB2.6 million for the six months ended 30 June 2013. The increase was primarily due to the increase in share of loss related to Redco Industry (Jiangxi) Co., Ltd., which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as a result of the decrease in the occupation rate in the first half of 2014.

### *Profit before income tax*

As a result of the above, profit before income tax for the six months ended 30 June 2014 decreased to RMB235.1 million from RMB637.3 million for the six months ended 30 June 2013.

### *Income tax expense*

Income tax expense decreased by 74.3% to RMB94.6 million for the six months ended 30 June 2014 from RMB367.7 million for the six months ended 30 June 2013. The increase was primarily due to an increase in Enterprise Income Tax ("EIT") as a result of decreased revenue, an increase in Land Appreciation Tax ("LAT") as a result of the lower gross profit margin and tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries.

### *Profit for the six months ended 30 June 2014*

As a result of the above, profit for the six months ended 2014 decreased to RMB140.5 million from RMB269.5 million for the six months ended 30 June 2013. The profit for the six months ended 30 June 2014 mainly arising from the profit in Greater Western Taiwan Straits Economic Zone for RMB108.4 million and Bohai Economic Rim for RMB81.8 million, partially offset by the loss in Central and Western regions for RMB7.6 million, Pearl River Delta Region for RMB3.3 million and Others segment for RMB38.9 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Profit for the six months ended 30 June 2014 attributable to the equity holders of the Company*

As a result of the above, profit for the six months attributable to equity holders of the Company decreased by 48.5% to RMB135.5 million for the six months ended 30 June 2014 from RMB263.3 million for the six months ended 30 June 2013. Profit attributable to non-controlling interests decreased by 20.5% to RMB5.0 million for the six months ended 30 June 2014 from RMB6.3 million for the six months ended 30 June 2013.

### *Liquidity and Capital Resources*

#### *Cash Position*

The Group had cash and cash equivalents of approximately RMB658.3 million (31 December 2013: RMB827.8 million) and restricted cash of RMB831.1 million (31 December 2013: RMB132.3 million) as at 30 June 2014. As at 30 June 2014, the Group's cash and cash equivalents were denominated in the Hong Kong dollar ("HK\$"), RMB and the United States dollar.

#### *Bank borrowings*

The Group had bank borrowings of approximately RMB2,408.1 million (31 December 2013: RMB1,453.6 million) as at 30 June 2014. The following table sets out the maturity profile of the Group's borrowings as at the dates indicated.

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Amounts of borrowings repayable:		
– Within 1 year	950,120	375,944
– Between 1 and 2 years	1,110,672	730,664
– Between 2 and 5 years	343,354	342,713
– After 5 years	3,926	4,247
	<u>2,408,072</u>	<u>1,453,568</u>
Bank borrowings by nature		
– Guaranteed by land and properties under construction	1,701,287	1,453,568
– Guaranteed by cash	687,549	—
– Corporate guarantee only	19,236	—
	<u>2,408,072</u>	<u>1,453,568</u>

As at 30 June 2014, the Group's bank borrowings were denominated in RMB and HK\$.

As at 30 June 2014, the Group was exposed to foreign exchange risk primarily with respect to certain of its bank borrowings which were denominated in HK\$. RMB experienced certain appreciation against HK\$ during the six months ended 30 June 2014 which is the major reason for the exchange differences recognised by the Group. The Group does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

As at 30 June 2014, the Group's net gearing ratio was 48.7% (31 December 2013: 42.9%). The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalent and restricted cash). Total equity is calculated as total equity, as shown in the condensed consolidated balance sheet.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Cost of Borrowings*

The Group's average cost of borrowings (calculated by dividing total interest expenses incurred or capitalised by average bank borrowings during the relevant period) was 7.67% in the first half of 2014, versus 6.95% in the first half of 2013.

### *Contingent liabilities*

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities as at the dates below:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>1,326,668</u>	<u>1,566,684</u>

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure 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 owned by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantees 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 fair value of financial guarantees is immaterial.

There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 30 June 2014. The Directors consider that the subsidiaries are sufficiently financially resourced to fulfil their obligations.

Except for financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of approximately 529 employees (31 December 2013: 452 employees). For the six months ended 30 June 2014, the remuneration of the Group's employees (including directors' emoluments) amounted to approximately RMB29.7 million. The remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for its 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 the Group and the individual performance of the Directors and senior management members. Further, the Group adopted the share option scheme on 14 January 2014. Further information of such share option scheme is available in the annual report 2013 of the Company.

### CHARGE OVER ASSETS

As at 30 June 2014, the Group had aggregate banking facilities of approximately RMB2,488,072,000 (31 December 2013: RMB1,453,568,000) for overdrafts, bank loans and trade financing. The unutilised banking facilities as at 30 June 2014 amounted to RMB80,000,000 (31 December 2013: Nil).

These facilities were secured by certain properties under development for sale provided by the Group's subsidiaries, cash and corporate guarantee.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed herein, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the period under review.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company will continue to purchase land located in the strategically selected cities, if thought fit. It is expected that the internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this report, the Company did not have any plans authorised by the Board for significant investments or capital assets as at the date of this report.

### OUTLOOK

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 most 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, Pearl River Delta Region, the Central and Western Regions as well as other regions in China such as those first tier and second tier cities in the Yangtze River Delta Region.
- 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. As part of our expansion, we may also make strategic investment and acquisitions that complement our operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

- 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. 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 for our customers and continuing to engage in projects that entail the construction of landmark properties. We intend to:
  - solidify such reputation in the cities where we have established a presence as well as our other strategically targeted cities;
  - remain focused on creative architectural planning and innovative product designs to provide superior value for our customers;
  - expand our collaborations with reputable design firms;
  - engage in more projects that entail building landmark properties such as well-recognised hotels or office buildings at prime locations;
  - organise promotional events such as economic forums.

We believe such work we do in the above will in turn enhance our reputation and recognition of 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.
- To further diversify the Group’s financing channels, such as through debt or equity offerings for the purpose of strengthening its financial capability and enabling it to consider a wider range of favourable land acquisition opportunities as they arise and thus enhancing our shareholders’ return.

### USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Company’s initial public offering (after deducting the underwriting fees and related expenses) amounted to approximately HK\$930.0 million and were utilised in accordance with the intended use of proceeds as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. During the six months ended 30 June 2014, approximately RMB682 million (equivalent to approximately HK\$859 million) had been used to pay the land premium in respect of the land use rights of the new land of the relevant property development projects of the Group and the remaining amount had been used for our working capital and other general corporate purposes.

By Order of the Board  
Redco Properties Group Limited  
Huang Ruoqing  
*Executive Director*

Hong Kong, 28 August 2014



## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

#### Interest in the Company:

Name of Director	Nature of interest	Total number of Shares	Percentage of the Company's issued share capital
Mr. Huang (Note 2)	Interest in controlled corporation	480,000,000(L)	30%

Notes:

- (1) The letters "L" denotes the person's long position in the Shares.
- (2) 480,000,000 Shares are registered in the name of Times International. As at 30 June 2014, Mr. Huang beneficially owned 100% of the issued share capital of Times International and was deemed to be interested in the 480,000,000 Shares held by Times International pursuant to the SFO.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the six-month ended 30 June 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2014, substantial shareholders' interests or short position in the shares and underlying shares of the Company, being interests of 5% or more, as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Name	Nature of interest	Number of Shares	Long/ Short position	Percentage of the Company's issued share capital
Mr. Wong (Note 1)	Interest in controlled corporation	720,000,000	Long Position	45%
Global Universe (Note 1)	Beneficial Owner	720,000,000	Long Position	45%
Ms. Sze Kai Fei (Note 2)	Interest of spouse	720,000,000	Long Position	45%
Times International (Note 3)	Beneficial Owner	480,000,000	Long Position	30%
Ms. Fan Huili (Note 4)	Interest of spouse	480,000,000	Long Position	30%

Note 1: As at the date of this report, the entire share capital of Global Universe International Holdings Limited ("Global Universe"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, was held by Mr. Wong. As such, Mr. Wong was deemed to be interested in the Shares held by Global Universe.

Note 2: Ms. Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Ms. Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.

Note 3: The entire share capital of Times International Development Company Limited ("Times International"), a company incorporated in the BVI with limited liability, was held by Mr. Huang. Accordingly, Mr. Huang was deemed to be interested in the 480,000,000 Shares held by Times International. Details of which are set out in the section headed "Directors and Chief Executive's interests and short positions in shares, underlying shares, and debentures" above.

Note 4: Ms. Fan Huili is the spouse of Mr. Huang. By virtue of the SFO, Ms. Fan Huili is deemed to be interested in the Shares held by Mr. Huang.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014 to the shareholders of the Company (the “Shareholders”) (six months ended 30 June 2013: Nil).

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) since the Listing Date (as defined below) and up to the date of this report.

### THE CORPORATE GOVERNANCE CODE

Throughout the period since 30 January 2014, being the date on the shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange (the “Listing Date”) and up to 30 June 2014, the Company complied with the code provisions of the Corporate Governance Code with the exception of code provision A.2.1. For further details of such exception, please refer to the annual report 2013 of the Company.

### CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the period from the Listing Date and up to 30 June 2014.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2014. Save as disclosed in this report, neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities for the six months ended 30 June 2014.

### AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”) which comprises four independent non-executive Directors, namely, Mr. Chow Kwong Fai, Edward, JP, Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen and Mr. Yip Tai Him. Mr. Chow Kwong Fai, Edward, JP is the chairman of the Audit Committee. The Audit Committee has reviewed the interim report of the Company and its subsidiaries for the six months ended 30 June 2014.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF REDCO PROPERTIES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 40, which comprises the condensed consolidated balance sheet of Redco Properties Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF 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 Hong Kong Institute of Certified Public Accountants. A review of interim 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 Hong Kong Standards on Auditing 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.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers  
Certified Public Accountants

Hong Kong, 28 August 2014

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	5	1,282,569	1,913,921
Cost of sales		(944,546)	(1,196,602)
<b>Gross profit</b>		<b>338,023</b>	<b>717,319</b>
Other gains/(losses), net	6	278	(112)
Selling and marketing expenses		(26,606)	(20,380)
General and administrative expenses		(75,145)	(31,594)
Impairment of goodwill		—	(25,223)
<b>Operating profit</b>		<b>236,550</b>	<b>640,010</b>
Finance income	7	4,102	2,545
Finance costs	7	(1,454)	(2,683)
Finance income/(costs), net		2,648	(138)
Share of loss of a joint venture		(4,101)	(2,604)
<b>Profit before income tax</b>		<b>235,097</b>	<b>637,268</b>
Income tax expense	8	(94,638)	(367,729)
<b>Profit for the period</b>		<b>140,459</b>	<b>269,539</b>
<b>Attributable to:</b>			
Equity holders of the Company		135,493	263,289
Non-controlling interests		4,966	6,250
		<b>140,459</b>	<b>269,539</b>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
– Basic and diluted (expressed in RMB cents per share)	17	8.82	21.94

The notes on pages 26 to 40 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Profit for the period	<u>140,459</u>	<u>269,539</u>
Other comprehensive (loss)/ income		
Item that will not be reclassified subsequently to profit or loss		
– Exchange differences arising on translation of functional currency to presentation currency	<u>(7,530)</u>	<u>15,470</u>
Total other comprehensive (loss)/ income	<u>(7,530)</u>	<u>15,470</u>
Total comprehensive income for the period	<u><u>132,929</u></u>	<u><u>285,009</u></u>
Attributable to:		
– Equity holders of the Company	<u>128,027</u>	<u>278,631</u>
– Non-controlling interests	<u>4,902</u>	<u>6,378</u>
Total comprehensive income for the period	<u><u>132,929</u></u>	<u><u>285,009</u></u>

The notes on pages 26 to 40 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

	Note	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		14,856	11,810
Goodwill		95,491	95,491
Interest in a joint venture		149,593	151,161
Deferred income tax assets		22,173	27,008
		<u>282,113</u>	<u>285,470</u>
<b>Current assets</b>			
Completed properties held for sale		940,521	566,533
Properties under development for sale		5,280,540	3,938,777
Other receivables, deposits and prepayments	9	873,986	1,864,055
Income tax recoverable		103,818	77,372
Amounts due from shareholders and directors	18	—	132,464
Amounts due from non-controlling interests	18	176,815	176,815
Restricted cash		831,148	132,296
Cash and cash equivalents		658,280	827,804
		<u>8,865,108</u>	<u>7,716,116</u>
<b>Total assets</b>		<u><b>9,147,221</b></u>	<u><b>8,001,586</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	10	125,808	—
Reserves		1,489,837	888,945
		<u>1,615,645</u>	<u>888,945</u>
Non-controlling interests		271,862	262,560
<b>Total equity</b>		<u><b>1,887,507</b></u>	<u><b>1,151,505</b></u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

	Note	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings, secured	11	1,360,000	980,000
Deferred income tax liabilities		98,590	79,797
		<u>1,458,590</u>	<u>1,059,797</u>
<b>Current liabilities</b>			
Trade and other payables	12	1,282,694	1,662,672
Bank borrowings, secured	11	1,048,072	473,568
Amounts due to non-controlling interests	18	779,920	741,614
Amounts due to related parties	18	5,000	5,887
Receipts in advance		2,476,204	2,660,713
Income tax liabilities		209,234	245,830
		<u>5,801,124</u>	<u>5,790,284</u>
<b>Total liabilities</b>		<u>7,259,714</u>	<u>6,850,081</u>
<b>Total equity and liabilities</b>		<u>9,147,221</u>	<u>8,001,586</u>
<b>Net current assets</b>		<u>3,063,984</u>	<u>1,925,832</u>
<b>Total assets less current liabilities</b>		<u>3,346,097</u>	<u>2,211,302</u>

The notes on pages 26 to 40 form an integral part of this condensed consolidated financial information.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013 (Audited)	—	546,258	287,670	833,928
<b>Comprehensive income</b>				
Profit for the period	—	263,289	6,250	269,539
<b>Other comprehensive income</b>				
Currency translation differences	—	15,342	128	15,470
<b>Total comprehensive income for the period</b>	—	278,631	6,378	285,009
Balance at 30 June 2013 (Unaudited)	—	824,889	294,048	1,118,937
Balance at 1 January 2014 (Audited)	—	888,945	262,560	1,151,505
<b>Comprehensive income</b>				
Profit for the period	—	135,493	4,966	140,459
<b>Other comprehensive income</b>				
Currency translation differences	—	(7,466)	(64)	(7,530)
<b>Total comprehensive income for the period</b>	—	128,027	4,902	132,929
<b>Transactions with owners</b>				
Issue of shares by a subsidiary	—	—	4,400	4,400
Capitalisation issue (Note 10(b))	94,356	(94,356)	—	—
Issue of new shares pursuant to the global offering (Note 10(c))	31,452	717,221	—	748,673
Dividend relating to 2013 paid (Note 19)	—	(150,000)	—	(150,000)
<b>Total transaction with owners recognised directly in equity</b>	125,808	472,865	4,400	603,073
Balance at 30 June 2014 (Unaudited)	125,808	1,489,837	271,862	1,887,507

The notes on pages 26 to 40 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operations	13	(850,739)	507,560
Income tax paid		(133,813)	(134,636)
Net cash (used in)/generated from operating activities		<u>(984,552)</u>	<u>372,924</u>
<b>Cash flows from investing activities</b>			
Additions of property, plant and equipment		(5,841)	(1,494)
Repayment to shareholders and directors		—	(17)
Repayment to a related party		(887)	(4,347)
Advance from non-controlling interests		40,144	90,480
Investment in financial assets at fair value through profit and loss		—	(68,870)
Restricted cash		(698,852)	54,511
Term deposits with initial terms of over three months		—	(110,000)
Interest received		4,102	2,545
Net cash used in investing activities		<u>(661,334)</u>	<u>(37,192)</u>
<b>Cash flows from financing activities</b>			
Issuance of new shares		748,673	—
Proceeds from bank borrowings		1,087,548	270,000
Repayment of bank borrowings		(133,461)	(385,653)
Repayment to shareholders and directors		—	(135,394)
Repayment to jointly controlled entities		(5,196)	—
Interest paid		(72,308)	(40,484)
Dividend paid		(150,000)	—
Net cash generated from/(used in) financing activities		<u>1,475,256</u>	<u>(291,531)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(170,630)</b>	<b>44,201</b>
Cash and cash equivalents at beginning of period		827,804	703,697
Currency translation differences		1,106	918
Cash and cash equivalents at end of the period		<u>658,280</u>	<u>748,816</u>

The notes on pages 26 to 40 form an integral part of this condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

## 1 GENERAL INFORMATION

Redco Properties Group Limited (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 in the People’s Republic of China (the “PRC”).

The Company was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Cayman Companies Law and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

This condensed consolidated financial information is presented in unit of Renminbi (“RMB”), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the Board on 28 August 2014.

This condensed consolidated financial information has not been audited. This condensed financial information has been reviewed by the Company’s audit committee.

## 2 BASIS OF PREPARATION

This condensed consolidated financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2013 as included in the Company’s annual report for the year ended 31 December 2013.

### 3.1 Effect of adopting amendments to standards and interpretation

The following amendments to standards and interpretation are mandatory for the Group’s financial year beginning on 1 January 2014:

Amendment to HKAS 32	Financial instruments: Presentation on asset and liability offsetting
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendment to HKAS 39	Financial instruments: Recognition and measurement – Novation of derivatives and hedge accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities
HK (IFRIC) Int 21	Levies

The adoption of the above amendments to standards and interpretation has no significant impact to the Group’s financial position for all periods presented in this report.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 3 ACCOUNTING POLICIES – continued

#### 3.2 New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group:

Amendment to HKAS 16 and 38	Clarification of acceptable methods of depreciation and amortisation <sup>(2)</sup>
Amendment to HKAS 19	Employee benefits: Defined benefit plans - Employee contribution <sup>(1)</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>(2)</sup>
HKFRS 9	Financial instruments <sup>(4)</sup>
HKFRS 14	Regulatory deferral accounts <sup>(2)</sup>
HKFRS 15	Revenue from contracts with customers <sup>(3)</sup>
Annual improvements project	Annual improvements 2010-2012 cycle <sup>(1)</sup>
Annual improvements project	Annual improvements 2011-2013 cycle <sup>(1)</sup>

<sup>(1)</sup> Effective for the Group for annual period beginning on 1 July 2014.

<sup>(2)</sup> Effective for the Group for annual period beginning on 1 January 2016.

<sup>(3)</sup> Effective for the Group for annual period beginning on 1 January 2017.

<sup>(4)</sup> Effective for the Group for annual period beginning on 1 January 2018.

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 standards and amendments to existing standards when they become effective.

Taxes on income in the six months ended 30 June 2014 are accrued using the tax rate that would be applicable to expected total annual earnings.

### 4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 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 the Group in five reportable operating segments, namely property development in Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim and Pearl River Delta Region, and Others. "Others" segment represents corporate support functions.

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, share of loss of a joint venture, finance income, finance costs and income tax (expenses)/credits from the operating segments.

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2014</b>						
<b>(Unaudited)</b>						
Total revenue	360,182	11,587	910,800	—	5,223	1,287,792
Inter-segment revenue	—	—	—	—	(5,223)	(5,223)
Revenue (from external customers)	<u>360,182</u>	<u>11,587</u>	<u>910,800</u>	<u>—</u>	<u>—</u>	<u>1,282,569</u>
Segment results	173,682	(6,933)	115,229	(3,384)	(39,667)	238,927
Depreciation	(873)	(279)	(656)	(107)	(462)	(2,377)
Operating profit/(loss)	172,809	(7,212)	114,573	(3,491)	(40,129)	236,550
Share of loss of a joint venture	(4,101)	—	—	—	—	(4,101)
Finance income	771	335	246	67	2,683	4,102
Finance costs	—	—	—	—	(1,454)	(1,454)
Income tax (expense)/credit	(61,122)	(693)	(32,985)	162	—	(94,638)
Profit/(loss) for the period	<u>108,357</u>	<u>(7,570)</u>	<u>81,834</u>	<u>(3,262)</u>	<u>(38,900)</u>	<u>140,459</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 5 REVENUE AND SEGMENT INFORMATION – continued

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2013</b>						
<b>(Unaudited)</b>						
Total revenue	870,833	171,034	872,054	—	3,868	1,917,789
Inter-segment revenue	—	—	—	—	(3,868)	(3,868)
Revenue (from external customers)	<u>870,833</u>	<u>171,034</u>	<u>872,054</u>	<u>—</u>	<u>—</u>	<u>1,913,921</u>
Segment results	370,384	17,799	260,589	—	(6,499)	642,273
Depreciation	(946)	(291)	(539)	—	(487)	(2,263)
Operating profit/(loss)	369,438	17,508	260,050	—	(6,986)	640,010
Share of loss of a joint venture	(2,604)	—	—	—	—	(2,604)
Finance income	1,575	406	491	—	73	2,545
Finance costs	—	—	—	—	(2,683)	(2,683)
Income tax expense	(179,052)	(23,322)	(165,141)	—	(214)	(367,729)
Profit/(loss) for the period	<u>189,357</u>	<u>(5,408)</u>	<u>95,400</u>	<u>—</u>	<u>(9,810)</u>	<u>269,539</u>
<b>As at 30 June 2014 (Unaudited)</b>						
Total segment assets	<u>3,673,884</u>	<u>1,413,409</u>	<u>2,373,409</u>	<u>1,022,747</u>	<u>659,290</u>	<u>9,142,739</u>
Other unallocated corporate assets						4,482
Total assets						<u>9,147,221</u>
Additions to:						
Property, plant and equipment	<u>2,856</u>	<u>42</u>	<u>701</u>	<u>2,125</u>	<u>117</u>	<u>5,841</u>
Total segment liabilities	<u>(3,562,920)</u>	<u>(1,347,826)</u>	<u>(1,312,422)</u>	<u>(2,820)</u>	<u>(1,033,726)</u>	<u>(7,259,714)</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 5 REVENUE AND SEGMENT INFORMATION – continued

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2013 (Audited)						
Total segment assets	<u>4,271,789</u>	<u>1,209,503</u>	<u>2,464,456</u>	<u>—</u>	<u>52,853</u>	<u>7,998,601</u>
Other unallocated corporate assets						<u>2,985</u>
Total assets						<u>8,001,586</u>
Additions to:						
Property, plant and equipment	1,605	412	3,669	—	532	6,218
Acquisition of properties under development for sale	<u>263,770</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>263,770</u>
Total segment liabilities	<u>(3,497,992)</u>	<u>(938,844)</u>	<u>(2,079,908)</u>	<u>—</u>	<u>(333,337)</u>	<u>(6,850,081)</u>

### 6 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Gains/(losses) on disposal of property, plant and equipment	<u>278</u>	<u>(112)</u>

### 7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest income from bank deposits	<u>4,102</u>	<u>2,545</u>
Interest expense on borrowings wholly repayable within five years	73,717	40,434
Interest expense on borrowings wholly repayable after five years	45	50
Less: interest capitalised in qualifying assets	<u>(72,308)</u>	<u>(37,801)</u>
	<u>1,454</u>	<u>2,683</u>
Weighted average interest rate on capitalised borrowings (per annum)	<u>7.89%</u>	<u>6.95%</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 8 INCOME TAX EXPENSE

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax at the rate of 25% for the six months ended 30 June 2014 (six months ended 30 June 2013: 25%).

No provision has been made for Hong Kong profits tax as the companies in HK did not generate any assessable profits for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil). As at 30 June 2014, there was no significant unprovided deferred taxation in relation to these HK companies (31 December 2013: Nil).

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.

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Current income tax		
PRC enterprise income tax	74,262	240,957
PRC land appreciation tax	14,689	169,406
Deferred income tax	5,687	(42,634)
	<u>94,638</u>	<u>367,729</u>

### 9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Current assets		
Other receivables	223,125	89,086
Deposits with local real estate associations (Note a)	113,184	106,800
Deposits with local labor bureau in the PRC	10,561	351
Deposits with local finance bureau in the PRC	3,966	2,678
	<u>350,836</u>	<u>198,915</u>
Prepaid business tax and surcharges	175,374	219,391
Prepayment for construction costs	90,157	23,000
Prepayment for land use rights	257,619	1,422,749
	<u>873,986</u>	<u>1,864,055</u>

Note:

- The deposits with local real estate associations included deposits with Jinan Real Estate Association (濟南市房地產協會) in connection with the issue of pre-sale permit as required by the relevant regulations in respect of the Group's property development projects in Jinan.
- The fair values of other receivables, deposits and prepayments approximate their carrying amounts and are unsecured, interest-free and repayable on demand.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 10 SHARE CAPITAL

	Number of share	Par value (HK\$0.1 per share) HK\$
Authorised:		
As at 1 January 2013 and 31 December 2013	3,800,000	380,000
Increase of authorised share capital (Note a)	<u>4,996,200,000</u>	<u>499,620,000</u>
At 30 June 2014	<u>5,000,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
As at 1 January 2013 and 31 December 2013	200	20
Capitalisation issue (Note b)	1,199,999,800	119,999,980
Issue of new shares pursuant to the global offering (Note c)	<u>400,000,000</u>	<u>40,000,000</u>
At 30 June 2014	<u>1,600,000,000</u>	<u>160,000,000</u>
RMB equivalent at 30 June 2014		<u>125,808,000</u>

Note:

- (a) Pursuant to written resolutions of the Company's shareholders passed on 14 January 2014, the Company's authorised ordinary share capital was increased to HK\$500,000,000 by the creation of an additional 4,996,200,000 shares of HK\$0.1 each, ranking pari passu with the existing shares of the Company in all respects.
- (b) On 14 January 2014, pursuant to the resolution of the then shareholders of the Company, it was approved for the Company to issue 1,199,999,800 ordinary shares of HK\$0.1 each to such shareholders by way of capitalisation of HK\$119,999,980 (equivalent to RMB94,356,000) from the share premium account upon listing of the Company's shares on the Hong Kong Stock Exchange (the "Capitalisation issue"). Such shares were issued on 30 January 2014, being the date on which dealings in the shares of the Company first commenced on the Hong Kong Stock Exchange.
- (c) On 30 January 2014, the Company issued a total of 400,000,000 ordinary shares of HK\$0.1 each at a price of HK\$2.5 per share as a result of the completion of the Initial Global Offering. Net proceeds of the Initial Global Offering amounted to HK\$952,154,305 (equivalent to RMB748,673,000) representing gross proceeds of HK\$1,000,000,000 (equivalent to RMB786,300,000) less listing expenses of HK\$47,845,695 (equivalent to RMB37,627,000). Of the net proceeds of HK\$952,154,305 (equivalent to RMB748,673,000), an amount of HK\$40,000,000 (equivalent to RMB31,452,000) representing the par value of share issued was credited to share capital account and the remaining HK\$912,154,305 (equivalent to RMB717,221,000) was credited to share premium account. Number of total issued shares of the Company was increased to 1,600,000,000 upon completion of the Initial Global Offering and the Capitalisation issue.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 11 BANK BORROWINGS, SECURED

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Long-term bank borrowings, secured	1,360,000	980,000
Portion of term loans from bank, secured		
– due for repayment within one year, secured	250,000	261,827
– due for repayment within one year which contain a repayment on demand clause, secured	12,571	10,117
– due for repayment after one year which contain a repayment on demand clause, secured	97,952	97,624
Short-term bank borrowings, secured	687,549	104,000
Current bank borrowings, secured	1,048,072	473,568
Total bank borrowings, secured	2,408,072	1,453,568

Bank borrowings are secured by certain properties under development for sale. Bank borrowings mature from 2014 to 2024, and bear floating interest rate at the PRC's benchmark interest rate times 1.0 to 1.2, HIBOR plus 1.5% to 3% per annum or fixed interest rate from 6.1% to 12.2% per annum.

The amounts based on the scheduled repayment dates set out in the loan agreements and the maturities of the Group's total borrowings at the respective balance sheet dates (i.e. ignoring the effect of any repayment on demand clause) are shown below:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Amounts of borrowings that are repayable:		
– Within 1 year	950,120	375,944
– Between 1 and 2 years	1,110,672	730,664
– Between 2 and 5 years	343,354	342,713
– After 5 years	3,926	4,247
	2,408,072	1,453,568

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 12 TRADE AND OTHER PAYABLES

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Trade payables	894,736	1,015,182
Accruals and other payables	387,958	647,490
	<u>1,282,694</u>	<u>1,662,672</u>

The ageing analysis of the trade payables based on invoice date was as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
0-30 days	627,272	926,681
31-60 days	80,469	11,016
61-90 days	93,360	8,428
Over 90 days	93,635	69,057
	<u>894,736</u>	<u>1,015,182</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 13 NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the period to net cash (used in)/generated from operations:

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Profit for the period	140,459	269,539
Income tax expense	94,638	367,729
Depreciation on property, plant and equipment	2,377	2,263
Finance income	(4,102)	(2,545)
Finance costs	1,454	2,683
(Gains)/losses on disposal of property, plant and equipment	(278)	112
Share of loss of a joint venture	4,101	2,604
Impairment of goodwill	—	25,223
Exchange differences	(5,243)	14,572
Operating profit before working capital change	233,406	682,180
Completed properties held for sale	(373,988)	(334,874)
Properties under development for sale	(1,268,787)	128,882
Other receivables and prepayments	1,122,413	89,466
Receipts in advance	(184,509)	(282,659)
Trade and other payables	(379,274)	224,565
Net cash (used in)/generated from operations	<u>(850,739)</u>	<u>507,560</u>

### 14 CAPITAL COMMITMENTS

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Contracted but not provided for:		
Land	170,073	773,761
Property development expenditures	1,753,885	983,436
	<u>1,923,958</u>	<u>1,757,197</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 15 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:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>1,326,668</u>	<u>1,566,684</u>

The Group has arranged bank financing for certain purchasers of the 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 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 financial guarantees is immaterial.

- (b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 11) as at 30 June 2014. The directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2014 (31 December 2013: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 16 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 30 June 2014, the Group had aggregate banking facilities of approximately RMB2,488,072,000 (31 December 2013: RMB1,453,568,000) for overdrafts, bank loans and trade financing. Unused facilities as at the same date amounted to RMB80,000,000 (31 December 2013: Nil).

As at 31 December 2013, the borrowings of the Group were secured by (i) personal guarantee by Wong Yeuk Hung and Huang Ruoqing, the honorary chairman and the Executive Director of the Company and certain directors of the Group's subsidiaries; (ii) properties held by Wong Yeuk Hung, the honorary chairman of the Company; and (iii) certain properties under development for sale provided by the Group's subsidiaries.

Upon the Company's Listing on 30 January 2014, all personal guarantees provided by certain directors and properties held by the directors were replaced by corporate guarantees of the Company.

### 17 EARNINGS PER SHARE

The basic earnings per share for the six months ended 30 June 2013 and 2014 is calculated based on the profit attributable to the equity holders of the Company.

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	<u>135,493</u>	<u>263,289</u>
Weighted average number of shares in issue (in thousand)	<u>1,535,912</u>	<u>1,200,000</u>
Basic earnings per share (RMB cents)	<u>8.82</u>	<u>21.94</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2014 and 2013 has been retrospectively adjusted to reflect 1,199,999,800 ordinary shares issued upon capitalisation on 30 January 2014 as disclosed in Note 10.

The Company had no potential dilutive earnings per share for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 18 RELATED PARTY TRANSACTIONS

The amounts due from/(to) related parties, joint venture, non-controlling interests and shareholders and directors and are unsecured, interest-free, repayable on demand. The fair values approximate their carrying values and are 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., Limitd 力高實業(江西)有限公司	A joint venture
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 subsidiary
Nanchang Municipal Public Constriction Co., Ltd 南昌市政公用建設有限公司	A non-controlling interest of a subsidiary
Fujian Hui Gao Investments Co., Ltd 福建匯高投資有限公司	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 of the Group
Huang Ruoqing 黃若青	A major shareholder and director of the Group

#### (a) Balances with related parties

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)	Nature
Amounts due to related parties			
– Hefei Redco Asset Operation Management Co., Ltd.	5,000	5,000	Non-trade
– Fujian Hui Gao Investment Co., Ltd.	—	887	Non-trade
	<u>5,000</u>	<u>5,887</u>	

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 18 RELATED PARTY TRANSACTIONS – continued

#### (a) Balances with related parties – continued

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)	Nature
Amounts due from non-controlling interests			
– Top Plan (HK) Limited	176,615	176,615	Non-trade
– Cheng Ming-Karn	200	200	Cash advance
	<u>176,815</u>	<u>176,815</u>	
Amounts due to non-controlling interests			
– Nanchang Municipal Public Construction Co., Ltd	656,954	618,596	Non-trade
– Top Plan (HK) Limited	90,966	91,018	Non-trade
– Chen Huaimei	32,000	32,000	Shareholders loan
	<u>779,920</u>	<u>741,614</u>	
Amounts due from shareholders and directors			
– Wong Yeuk Hung	—	79,478	Non-trade
– Huang Ruoqing	—	52,986	Non-trade
	<u>—</u>	<u>132,464</u>	
Amount due to a joint venture			
– Redco Industry (Jiangxi) Co., Limited	20,153	22,687	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:

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Salaries, bonus and other benefits	1,582	278
Pension costs - defined contribution plan	58	64
	<u>1,640</u>	<u>342</u>

Save as disclosed above and the transactions and balances detailed in the above to the condensed consolidated financial information, the Group had no material transactions and outstanding balances with related parties during the six months ended 30 June 2013 and 2014.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

### 19 DIVIDEND

The board of directors does not recommend any payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

An interim dividend of RMB150,000,000 that related to the year ended 31 December 2013 was declared on 14 January 2014 and paid on 15 January 2014.

A final dividend in respect of the year ended 31 December 2013 of RMB0.05 per ordinary share, amounting to RMB80,000,000 was approved at the annual general meeting of the Company held on 20 June 2014. The dividend not yet paid out by the Company as at 30 June 2014 was RMB80,000,000, which was paid out subsequently.

The condensed consolidated financial information does not reflect this dividend payable.

### 20 SUBSEQUENT EVENTS

#### *(a) Issuance of 13.75% senior notes with the aggregate principal amount of US\$125 million*

On 1 August 2014, the Company issued 13.75% senior notes with an aggregate principal amount of US\$125,000,000 (equivalent to RMB769,100,000) at par value. The interest is payable semi-annually in arrears on 1 February and 1 August of each year, commencing 1 February 2015. The senior notes will mature on 1 August 2019.

#### *(b) Acquisition of the land use rights for the land located in Hefei city*

On 21 August 2014, the Group received a written notice from the Land and Resources Bureau of Hefei confirming that the bid made by the Group of approximately RMB681,300,000 for the land use rights for a parcel of land located in Hefei city, Anhui Province, the PRC, through the public auction was successful.

#### *(c) Capital injection to Jiangxi Yiju Property Development Co., Ltd.*

In August 2014, Hong Kong Binjiang Industrial Limited ("Hong Kong Binjiang"), a wholly-owned subsidiary of the Company, entered into a framework agreement with 南昌市國資置業有限公司 (Nanchang Guozi Zhiye Company Limited) ("Guozi Zhiye") and an independent investor (the "Framework Agreement"), pursuant to which, each of the parties agreed to inject capital to 江西怡居房地產開發有限公司 (Jiangxi Yiju Property Development Co., Ltd.) ("Jiangxi Yiju"), a wholly-owned subsidiary of Guozi Zhiye immediately prior to such capital injection (the "Capital Injection"). Following the completion of Capital Injection, Jiangxi Yiju will be held as to 30%, 40% and 30% by Hong Kong Binjiang, Guozi Zhiye and the independent investor, respectively. As Hong Kong Binjiang shall have control of a majority of the board of directors of Jiangxi Yiju under the terms of the Framework Agreement, Jiangxi Yiju will become an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Injection.