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REDCO PROPERTIES GROUP LIMITED

力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1622)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

2014 FINANCIAL HIGHLIGHTS

- Revenue for the year increased by 17.4% to RMB3,502.8 million.
- Contracted sales for the year amounted to RMB3,194.6 million, representing a year-on-year increase of 2.8% as compared with 2013.
- Profit for the year attributable to equity holders of the Company amounted to RMB347.2 million, representing a year-on-year decrease of 13.2% as compared with 2013.
- Return on average attributable equity at 20.5% as at 31 December 2014.
- Total land bank amounted to approximately 4.0 million sq.m as at 31 December 2014.
- Proposed final dividend amounted to RMB4 cents per share (total approximately RMB64.0 million).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Properties Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2014 with comparative figures for the preceding financial year, are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Note</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Revenue	3	3,502,804	2,984,586
Cost of sales	4	<u>(2,556,547)</u>	<u>(2,018,459)</u>
Gross profit		946,257	966,127
Other (losses)/gains, net		(2,446)	20,679
Selling and marketing expenses	4	(82,821)	(53,655)
General and administrative expenses	4	(141,818)	(81,750)
Impairment of goodwill		<u>(24,730)</u>	<u>(25,579)</u>
Operating profit		694,442	825,822
Finance income	5	17,243	8,038
Finance costs	5	<u>(2,850)</u>	<u>(3,215)</u>
Finance income, net		<u>14,393</u>	<u>4,823</u>
Share of loss of a joint venture		<u>(5,295)</u>	<u>(1,310)</u>
Profit before income tax		703,540	829,335
Income tax expense	6	<u>(325,844)</u>	<u>(428,445)</u>
Profit for the year		<u>377,696</u>	<u>400,890</u>
Attributable to:			
Equity holders of the Company		347,203	400,179
Non-controlling interests		<u>30,493</u>	<u>711</u>
		<u>377,696</u>	<u>400,890</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic and diluted (expressed in RMB cents per share)	9	<u>22.14</u>	<u>33.35</u>
Dividends	10	<u>64,000</u>	<u>230,000</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>377,696</u>	<u>400,890</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>(60,000)</u>	<u>21,448</u>
Total other comprehensive (loss)/income	<u>(60,000)</u>	<u>21,448</u>
Total comprehensive income for the year	<u><u>317,696</u></u>	<u><u>422,338</u></u>
Attributable to:		
- Equity holders of the Company	287,209	421,627
- Non-controlling interests	<u>30,487</u>	<u>711</u>
Total comprehensive income for the year	<u><u>317,696</u></u>	<u><u>422,338</u></u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014**

	2014	2013
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	17,424	11,810
Goodwill	70,761	95,491
Interest in a joint venture	178,329	151,161
Deferred income tax assets	<u>32,667</u>	<u>27,008</u>
	<u>299,181</u>	<u>285,470</u>
Current assets		
Completed properties held for sale	1,142,338	566,533
Properties under development for sale	5,090,627	3,938,777
Other receivables, deposits and prepayments	7 1,468,741	1,864,055
Amounts due from shareholders and directors	—	132,464
Amounts due from non-controlling interests	168,824	176,815
Income tax recoverables	94,228	77,372
Restricted cash	355,443	132,296
Cash and cash equivalents	<u>951,480</u>	<u>827,804</u>
	<u>9,271,681</u>	<u>7,716,116</u>
Total assets	<u><u>9,570,862</u></u>	<u><u>8,001,586</u></u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	125,808	—
Reserves	<u>1,569,019</u>	<u>888,945</u>
	1,694,827	888,945
Non-controlling interests	<u>346,647</u>	<u>262,560</u>
Total equity	<u>2,041,474</u>	<u>1,151,505</u>

	<i>Note</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		2,152,224	980,000
Deferred income tax liabilities		<u>114,090</u>	<u>79,797</u>
		<u>2,266,314</u>	<u>1,059,797</u>
Current liabilities			
Trade and other payables	8	1,894,932	1,662,672
Bank borrowings		609,220	473,568
Amounts due to non-controlling interests		749,458	741,614
Amounts due to related parties		5,000	5,887
Receipts in advance		1,679,121	2,660,713
Income tax liabilities		<u>325,343</u>	<u>245,830</u>
		<u>5,263,074</u>	<u>5,790,284</u>
Total liabilities		<u>7,529,388</u>	<u>6,850,081</u>
Total equity and liabilities		<u>9,570,862</u>	<u>8,001,586</u>
Net current assets		<u>4,008,607</u>	<u>1,925,832</u>
Total assets less current liabilities		<u>4,307,788</u>	<u>2,211,302</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied during all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

2.1.1 *Amended standards and interpretations adopted by the Group*

The following amended standards and interpretations have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and none of them has a material impact on the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Consolidation for Investment Entities
HK(IFRIC) - Int 21	Levies

2.1.2. *New and amended standards not yet adopted by the Group*

Up to the date of issue of this announcement, the HKICPA has issued the following new and amended standards and which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning on 1 January 2014 and which have not been early adopted by the Group.

HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽²⁾
HKAS 16 and HKAS 41 (Amendment)	Bearer Plants ⁽²⁾
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contribution ⁽¹⁾
HKAS 27 (Amendment)	Equity Method ⁽²⁾
HKFRS 9	Financial Instruments ⁽⁵⁾
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture ⁽²⁾
HKFRS 11 (Amendment)	Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operation ⁽²⁾
HKFRS 14	Regulatory Deferral Accounts ⁽²⁾
HKFRS 15	Revenue from Contracts with Customers ⁽⁴⁾
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010 — 2012 cycle ⁽¹⁾
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011 — 2013 cycle ⁽¹⁾
HKFRSs (Amendment)	Annual improvements to HKFRSs 2012 — 2014 cycle ⁽³⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 July 2014.

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2016.

⁽³⁾ Effective for the Group for annual period beginning on 1 July 2016.

⁽⁴⁾ Effective for the Group for annual period beginning on 1 January 2017.

⁽⁵⁾ 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 and amended 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 and amended standards when they become effective.

2.1.3. *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 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 five reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim, Pearl River Delta Region and Others. "Others" segment represents provision of design services to group companies, corporate support functions and investment holdings businesses.

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 (expense)/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 consolidated financial statements.

	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
Year ended 31 December 2014						
Total revenue	1,604,327	715,864	1,208,713	—	11,430	3,540,334
Inter-segment revenue	<u>(26,100)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,430)</u>	<u>(37,530)</u>
Revenue (from external customers)	<u>1,578,227</u>	<u>715,864</u>	<u>1,208,713</u>	<u>—</u>	<u>—</u>	<u>3,502,804</u>
Segment results	505,030	142,134	134,465	(13,688)	(68,425)	699,516
Depreciation	<u>(1,148)</u>	<u>(544)</u>	<u>(1,690)</u>	<u>(373)</u>	<u>(1,319)</u>	<u>(5,074)</u>
Operating profits/(losses)	503,882	141,590	132,775	(14,061)	(69,744)	694,442
Share of loss of a joint venture	(5,295)	—	—	—	—	(5,295)
Finance income	8,118	703	2,857	228	5,337	17,243
Finance costs	—	—	—	—	(2,850)	(2,850)
Income tax expense	<u>(192,083)</u>	<u>(52,698)</u>	<u>(35,087)</u>	<u>(1,624)</u>	<u>(44,352)</u>	<u>(325,844)</u>
Profits/(losses) for the year	<u>314,622</u>	<u>89,595</u>	<u>100,545</u>	<u>(15,457)</u>	<u>(111,609)</u>	<u>377,696</u>

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Pearl River Delta Region	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2013						
Total revenue	1,744,141	215,255	1,025,190	—	7,821	2,992,407
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,821)</u>	<u>(7,821)</u>
Revenue (from external customers)	<u>1,744,141</u>	<u>215,255</u>	<u>1,025,190</u>	<u>—</u>	<u>—</u>	<u>2,984,586</u>
Segment results	641,499	428	218,188	—	(30,006)	830,109
Depreciation	<u>(1,598)</u>	<u>(562)</u>	<u>(836)</u>	<u>—</u>	<u>(1,291)</u>	<u>(4,287)</u>
Operating profits/(losses)	639,901	(134)	217,352	—	(31,297)	825,822
Share of loss of a joint venture	(1,310)	—	—	—	—	(1,310)
Finance income	3,211	639	1,686	—	2,502	8,038
Finance costs	—	—	—	—	(3,215)	(3,215)
Income tax expense	<u>(262,196)</u>	<u>(25,978)</u>	<u>(99,171)</u>	<u>—</u>	<u>(41,100)</u>	<u>(428,445)</u>
Profits/(losses) for the year	<u>379,606</u>	<u>(25,473)</u>	<u>119,867</u>	<u>—</u>	<u>(73,110)</u>	<u>400,890</u>

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Pearl River Delta Region	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2014						
Total segment assets	3,584,027	1,721,712	2,551,919	1,386,674	321,063	9,565,395
Other unallocated corporate assets						<u>5,467</u>
Total assets						<u><u>9,570,862</u></u>
Additions to:						
Property, plant and equipment	2,411	937	1,474	2,324	5,012	12,158
Acquisition of properties under development for sale	<u>22,538</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,538</u>
Total segment liabilities	<u>(3,472,551)</u>	<u>(1,234,058)</u>	<u>(1,198,713)</u>	<u>(666,306)</u>	<u>(957,760)</u>	<u>(7,529,388)</u>
At 31 December 2013						
Total segment assets	4,271,789	1,209,503	2,464,456	—	52,853	7,998,601
Other unallocated corporate assets						<u>2,985</u>
Total assets						<u><u>8,001,586</u></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>

4 Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Auditor's remuneration		
- Audit services	2,126	1,281
- Non-audit services	2,087	438
Cost of properties sold	2,359,463	1,851,389
Depreciation of property, plant and equipment	5,074	4,287
Employee benefit expenses	64,078	31,904
Entertainment	10,315	8,085
Marketing and advertising cost	66,358	42,344
Operating lease payments	1,181	—
Office and travelling expenses	23,971	19,244
Business taxes and surcharges	197,084	167,070
Land use and real estate taxes	3,187	4,921
Legal and professional fees	13,495	9,517
Donation	2,003	2,070
Exchange differences	17,870	4,307
Other selling and marketing and general and administrative expenses	<u>12,894</u>	<u>7,007</u>
Total cost of sales, selling and marketing expenses and general and administrative expenses	<u><u>2,781,186</u></u>	<u><u>2,153,864</u></u>

5 Finance income and costs

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	<u>17,243</u>	<u>8,038</u>
Interest expense on borrowings wholly repayable within five years	243,565	88,047
Interest expense on borrowings wholly repayable after five years	—	94
Less: interest capitalised in qualifying assets	<u>(240,715)</u>	<u>(84,926)</u>
	<u><u>2,850</u></u>	<u><u>3,215</u></u>
Weighted average interest rate on capitalised borrowings (per annum)	<u>9.18%</u>	<u>7.05%</u>

6 Income tax expense

Subsidiaries established and operating in the PRC are subject to PRC corporate income tax (“EIT”) at the rate of 25% for the year ended 31 December 2014 (2013: 25%).

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

PRC land appreciation tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
PRC corporate income tax	209,939	229,561
PRC land appreciation tax	87,271	178,200
Deferred income tax	<u>28,634</u>	<u>20,684</u>
	<u><u>325,844</u></u>	<u><u>428,445</u></u>

7 Other receivables, deposits and prepayments

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets		
Other receivables	535,615	89,086
Deposits with local real estate associations (Note a)	58,810	106,800
Deposits with labour department	9,304	351
Deposits with treasury bureau	<u>3,966</u>	<u>2,678</u>
	607,695	198,915
Prepaid business tax and surcharges	54,168	219,391
Prepayment for construction costs	24,945	23,000
Prepayment for land use rights	<u>781,933</u>	<u>1,422,749</u>
	<u><u>1,468,741</u></u>	<u><u>1,864,055</u></u>

Notes :

- (a) The deposits with local real estate associations, mainly included deposits with Jinan Housing Repairment Fund Management Center (濟南市住房維修資金管理中心) in connection with the retention of the quality for properties construction (2013: 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 the Group's 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:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,468,140	1,858,049
Hong Kong dollars ("HK\$")	<u>601</u>	<u>6,006</u>
	<u><u>1,468,741</u></u>	<u><u>1,864,055</u></u>

8 Trade and other payables

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,305,160	1,015,182
Accruals and other payables	<u>589,772</u>	<u>647,490</u>
	<u><u>1,894,932</u></u>	<u><u>1,662,672</u></u>

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	754,567	926,681
31-60 days	110,097	11,016
61-90 days	141,922	8,428
Over 90 days	<u>298,574</u>	<u>69,057</u>
	<u><u>1,305,160</u></u>	<u><u>1,015,182</u></u>

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:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,848,793	1,558,668
HK\$	<u>46,139</u>	<u>104,004</u>
	<u><u>1,894,932</u></u>	<u><u>1,662,672</u></u>

9 Earnings per share

The basic earnings per share for the year ended 31 December 2014 is calculated based on the profit attributable to the equity holders of the Company.

	2014	2013
Profit attributable to equity holders of the Company (RMB'000)	<u>347,203</u>	<u>400,179</u>
Weighted average number of shares in issue	<u>1,568,219,178</u>	<u>1,200,000,000</u>
Basic earnings per share (RMB cents)	<u>22.14</u>	<u>33.35</u>

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding to all the years presented.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2014 and 2013 has been retrospectively adjusted to reflect 1,199,999,800 ordinary shares issued upon capitalisation on 30 January 2014.

10 Dividend

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend — nil (2013: RMB750,000) per share	—	150,000
Proposed final dividend — RMB4 cents (2013: RMB5 cents) per share	<u>64,000</u>	<u>80,000</u>
	<u>64,000</u>	<u>230,000</u>

The board of directors did not recommend any payment of interim dividend for the six months ended 30 June 2014.

The 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 proposed final dividend in respect of the year ended 31 December 2014 of RMB4 cents per share, amounting to approximately RMB64,000,000, is to be proposed at the forthcoming annual general meeting on 26 June 2015.

The consolidated financial statements do not reflect these dividend payables.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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 Pearl River Delta Region, the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Shenzhen, Guangzhou, Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang. For 2013 and 2014, our revenue was RMB2,984.6 million and RMB3,502.8 million respectively. And our profit for the year ended 31 December 2013 and 2014, attributable to equity holders of the Company was RMB400.2 million and RMB347.2 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 carrying out 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.

OUR PROPERTY DEVELOPMENT PROJECTS

As at 31 December 2014, our property portfolio comprised 18 property development projects with an aggregate gross floor area (“GFA”) of 4,035,325.6 square metres (“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 2014:

Project	Site area⁽¹⁾ <i>(sq.m.)</i>	Total GFA⁽²⁾ <i>(sq.m.)</i>	Total GFA under various stage of development remaining unsold⁽³⁾ <i>(sq.m.)</i>
NANCHANG			
Crown International 皇冠國際	53,673.2	271,040.4	176.8
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	228,831.9
Riverside International 濱江國際	37,345.7	204,600.6	45,920.6
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
Imperial Mansion⁽⁴⁾ 君御華府	41,994.5	109,826.6	109,826.6
Imperial Metropolis⁽⁵⁾ 君御都會	84,093.3	227,119.0	227,119.0
TIANJIN			
Sunshine Coast 陽光海岸	481,394.0	1,475,226	1,468,620.9
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	70,991.4
Splendid the Legend 盛世名門	51,675.2	205,813.6	12,013.6
Scenery Holiday 假日麗景	34,934.9	87,545.2	2,063.5
YANTAI			
Sunshine Coast - Phase I 陽光海岸	51,693.7	186,470.8	186,470.8

Project	Site area⁽¹⁾ (sq.m.)	Total GFA⁽²⁾ (sq.m.)	Total GFA under various stage of development remaining unsold⁽³⁾ (sq.m.)
HEFEI Mix Kingdom Redco 力高●共和城	395,596.4	871,735.3	396,500.5
Prince Royal Family⁽⁶⁾ 君御世家	88,025.5	299,699.5	299,699.5
XIANYANG Royal City - Phsae I 御景灣	69,466.8	237,012.8	203,353.7
SHENZHEN Royal International 君御國際	33,035.3	177,640.0	<u>177,640.0</u>
TOTAL			<u><u>4,035,325.6</u></u>

- 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).
- “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.
- “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.
- 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.
- On 11 November 2014, the Group acquired 51% equity interest of Imperial Metropolis by a cooperation agreement. The project is located at Lianhua Road in Nanchang with a total site area of 126.14 mu (approximately 84,093.3 sq.m.) with a plot ratio ranging from 2.0 to 2.2 and a gross floor area of approximately 227,119 sq.m.. Such parcel of the land is planned for commercial and residential use. The development of the project shall consist of low-rise, high-rise and semi-detached houses, street level retail spaces and ancillary facilities.
- On 21 August 2014, the Group succeeded in bidding, through the public auction, the land use rights of a parcel of land in Hefei City, Anhui Province, PRC at a consideration of RMB 681.3 million. The site area of the Land is approximately 132.04 mu (approximately 88,025.5 sq.m.) and its plot ratio shall not exceed 2.8. The total gross floor area of such parcel of the land is approximately 299,699.5 sq.m. Such parcel of the land is planned for developing residential properties.

Recent Development

On 5 January 2015, Shenzhen Redco Hongye Property Development Co., Ltd., a wholly-owned subsidiary of the Company, entered into a cooperation framework agreement with Shenzhen Pinghu Joint Stock Corporation (深圳市平湖股份合作公司), pursuant to which both of the parties agreed to cooperate in the implementation of a urban renewal project (城市更新項目) at Jiangjunling in Longgang District, Shenzhen, the PRC (the “**Project**”). The land of the Project is located at the northeast corner of the juncture of Pinghu Avenue and Feng’an Road in Longgang District, Shenzhen, with a total site area of approximately 70,000 sq.m.

On 13 March 2015, the Company as borrower entered into a facility agreement (the “**Facility Agreement**”) with a group of financial institutions as lenders, pursuant to which the lenders have agreed to make available to the Company a US\$ denominated transferrable term loan facility in an aggregate amount of US\$65 million (as may be increased in accordance with the terms of the Facility Agreement), with a term of 36 months from the date of the Facility Agreement and an interest rate equal to LIBOR plus 4.50% per annum.

FINANCIAL REVIEW

Results of Operations

Revenue

Our revenue increased by 17.4% to RMB3,502.8 million for the year ended 31 December 2014 from RMB2,984.6 million for the year ended 31 December 2013. This increase was primarily due to a 8.0% increase in our GFA delivered to 522,323 sq.m. for the year ended 31 December 2014 from 483,441 sq.m. for the year ended 31 December 2013. The increase in our GFA delivered was primarily due to the GFA delivered for Redco International in Jinan, a property project which began to recognise revenue from sales in 2014, and the increase in the GFA delivered for Mix Kingdom Redco and partially offset by a significant decrease in the GFA delivered for Splendid the Legend in Jinan. Our recognised average selling price (“ASP”) for properties delivered increased to RMB6,706 for the year ended 31 December 2014 from RMB6,174 for the year ended 31 December 2013. The increase in our recognised ASP for properties delivered was primarily due to the increase in the revenue attributable to Redco International in Jinan.

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

	For the year ended 31 December					
	2014	2013	2014	2013	2014	2013
	<i>Revenue</i>		<i>GFA Delivered (sq.m.)</i>		<i>Recognised ASP</i>	
	<i>(RMB'000)</i>				<i>(RMB per sq.m.)</i>	
Greater Western Taiwan Straits Economic Zone	1,578,227	1,744,141	214,298	288,008	7,365	6,056
Central and Western Regions	715,864	215,255	155,549	36,759	4,602	5,856
Bohai Economic Rim	1,208,713	1,025,190	152,476	158,674	7,927	6,461
Pearl River Delta Region	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	<u>3,502,804</u>	<u>2,984,586</u>	<u>522,323</u>	<u>483,441</u>	<u>6,706</u>	<u>6,174</u>

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 9.5% to RMB1,578.2 million for 2014 from RMB1,744.1 million for 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 increased by 232.5% to RMB715.9 million for 2014 from RMB215.3 million for 2013. The increase was primarily due to an increase in the GFA delivered for Mix Kingdom Redco in Hefei and the GFA delivered for Royal City-Phase I in Xianyang, a property development project for which we began to recognise revenue from sales in 2014.
- **Bohai Economic Rim:** Our segment revenue for the Bohai Economic Rim increased by 17.9% to RMB1,208.7 million for 2014 from RMB1,025.2 million for 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 2014, partially offset by the significant decrease in GFA delivered for Splendid the Legend in Jinan.

- Pearl River Delta Region: It mainly represents the new projects in Shenzhen and Guangzhou. There was no revenue for the years ended 31 December 2013 and 2014.
- Others: It mainly represents our headquarters at Shenzhen. There was no revenue for the years ended 31 December 2013 and 2014.

Cost of sales

Cost of sales increased by 26.7% to RMB 2,556.5 million for 2014 from RMB2,018.5 million for 2013. This increase was primarily due to an increase in cost of properties sold as a result of (i) an increase in GFA delivered to 522,323 sq.m. for 2014 from 483,441 sq.m. for 2013, (ii) an increase in average land costs per sq.m. delivered to RMB1,004 for 2014 from RMB740 for 2013 and (iii) an increase in average construction costs per sq.m. delivered to RMB3,366 for 2014 from RMB2,915 for 2013. The increase in average land costs per sq.m. delivered was primarily due to the relatively high land acquisition costs per sq.m. for Redco International in Jinan, which will be positioned as high-end properties. The increase in average construction cost per sq.m. delivered was primarily due to the recognition of revenue from Sunshine Coast in Tianjin. Sunshine Coast is a project that we have marketed as high-end properties which are the townhouses and high-rise apartments situated in the seaside of Tianjin, for which we incurred relatively high average construction costs.

Gross profit

Gross profit slightly decreased by 2.0% to RMB946.3 million for 2014 from RMB966.1 million for 2013. Our gross profit margin decreased to 27.0% for 2014 from 32.4% for 2013. This decrease was primarily attributable to the increase in land costs and construction costs in 2014.

Other (losses)/gains, net

Other losses increased to RMB2.4 million for 2014 from a gain of RMB20.7 million for 2013. The other gains in 2013 were primarily attributable to the gains of RMB20.5 million mainly arising from the disposal of certain subsidiaries of the Group in 2013 and while there was no such disposal or related gains in 2014.

Selling and marketing expenses

Selling and marketing expenses increased by 54.2% to RMB82.8 million for 2014 from RMB53.7 million for 2013. Selling and marketing expenses mainly represent the promotion of our properties. This increase was primarily due to the increase in the marketing promotion activities for the projects which has commenced, or will commence, sales in 2014 and 2015.

General and administrative expenses

General and administrative expenses increased by 73.3% to RMB141.8 million for 2014 from RMB81.8 million for 2013. This increase was primarily due to an increase in legal and professional fee, employee benefit expenses, and office and travelling expenses.

Impairment of goodwill

Impairment of goodwill decreased by 3.5% to RMB24.7 million for 2014 from RMB25.6 million for 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., which holds Mix Kingdom Redco in Hefei.

Operating profit

As a result of the above, our operating profit decreased by 15.9% to RMB694.4 million for 2014 from RMB825.8 million for 2013.

Finance income

Finance income increased by 115.0% to RMB17.2 million for 2014 from RMB8.0 million for 2013. 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 decreased by 9.4% to RMB2.9 million for 2014 from RMB3.2 million for 2013 which mainly due to an increase in the interests capitalised in qualifying assets to RMB240.7 million.

Share of loss of a joint venture

Share of loss of a joint venture increased by 307.7% to RMB5.3 million for 2014 from RMB1.3 million for 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 increase in the operation cost of the hotel.

Profit before income tax

As a result of the above, profit before income tax decreased by 15.2% to RMB703.5 million for 2014 from RMB829.3 million for 2013.

Income tax expense

Income tax expense decreased by 23.9% to RMB325.8 million for 2014 from RMB428.4 million for 2013. The decrease was primarily due to an decrease in EIT as a result of decrease in profit before tax, and a decrease in LAT as a result of the lower gross profit margin, partially offset by an increase in withholding tax on the distributable profits on our Group's PRC subsidiaries. The decrease in the effective tax rate to 46.3% for 2014 from 51.7% for 2013 was primarily attributable to the decrease in LAT provision and LAT paid to RMB87.3 million for 2014 from RMB178.2 million for 2013, which was mainly due to the relatively lower gross profit of Redco International in Jinan in 2014.

Profit for the year

As a result of the above, profit for the year slightly decreased by 5.8% to RMB377.7 million for 2014 from RMB400.9 million for 2013. The profit for the year mainly arising from the profit in Greater Western Taiwan Straits Economic Zone for RMB314.6 million, Central and Western Regions for RMB89.6 million and Bohai Economic Rim for RMB100.5 million and partially offset by the loss in Pearl River Delta Region for RMB15.5 million and Others segment for RMB111.6 million.

Profit for the year attributable to the equity holders of the Company

As a result of the above, profit for the year attributable to equity holders of the Company decreased by 13.2% to RMB347.2 million for 2014 from RMB400.2 million for 2013. Profit attributable to non-controlling interests increased by 42.6% to RMB30.5 million for 2014 from RMB0.7 million for 2013 as we shared the profit for 2014 from the GFA delivered for Mix Kingdom Redco in which we hold a 80% equity interest, whereas for 2013, most of our profit are come from those projects in which we have 100% equity interest.

Liquidity and Capital Resources

Cash position

The Group had cash and cash equivalents of approximately RMB951.5 million (2013: RMB827.8 million) and restricted cash of RMB355.4 million (2013: RMB132.3 million) as at 31 December 2014. As at 31 December 2014, the Group's cash and cash equivalents were denominated in the Hong Kong dollar ("HK\$"), RMB and the United States dollar ("US\$").

Borrowings

The Group had borrowings of approximately RMB2,761.4 million (2013: RMB1,453.6 million) as at 31 December 2014. The following table sets out the maturity profile of the Group's borrowings as at the dates indicated.

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts of borrowings that are repayable:		
- Within 1 year	538,219	375,944
- Between 1 and 2 years	1,211,001	730,664
- Between 2 and 5 years	1,012,224	342,713
- After 5 years	<u>—</u>	<u>4,247</u>
	<u>2,761,444</u>	<u>1,453,568</u>

As at 31 December 2014, the Group's bank borrowings were denominated in RMB, HK\$ and US\$.

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.

As at 31 December 2014, the Group is exposed to foreign exchange risk primarily with respect to certain of its bank borrowings and senior notes which were denominated in HK\$ and US\$. RMB experienced certain fluctuation against HK\$ and US\$ during the year 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 31 December 2014, the Group's net gearing ratio was 42% (2013: 30%). The 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 sheet, plus net debt.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses incurred or capitalised by average borrowings during the relevant year) was 9.2% in 2014 as compared with 7.1% in 2013.

Contingent Liabilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the respective balance sheet years:

	31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>2,801,078</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 owed 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 purchases 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 31 December 2014. The Directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

Except for financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of approximately 653 employees (2013: 452 employees). The remuneration of the employees (including directors' emoluments) amounted to approximately RMB64.1 million for the year ended 31 December 2014 (2013: 31.9 million). 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 will be available in the annual report of the Company for the year ended 31 December 2014 (the "**2014 Annual Report**"). The Company provided on-the-job training, induction courses together with other training programmes for the employees at different positions to raise their professionalism during the year ended 31 December 2014.

Charge over assets

As at 31 December 2014, the Group had aggregate banking facilities of approximately RMB2,119,220,000 (2013: RMB1,453,568,000) for overdrafts, bank loans and trade financing. The Group had unused facilities of approximately RMB105,000,000 as at 31 December 2014 (2013: nil).

These facilities were secured by certain properties under development held for sale and certain restricted cash provided by the Company's subsidiaries.

Significant investments

During the year ended 31 December 2014, the Group had acquired two parcels of land in Nanchang and one parcel of land in Hefei. Please refer to page 18 of this announcement for further details.

On 6 November 2014, Redco Industrial Investment Limited, a wholly-owned subsidiary of the Company entered into the cooperation framework agreement with Guangzhou CYTSOTEL Real Estate Development Co., Ltd (廣州青旅置業有限公司) to cooperate in the development of a project the parcel of land located between the Front Hill Avenue and Highway S118 at Huadong township, in Huadu District, Guangzhou, China. As at 31 December 2014, the project was yet to be commenced. For further details, please refer to the announcement of the Company dated 6 November 2014.

On 9 December 2014, Shandong Redco Real Estate Development Co., Limited, a wholly-owned subsidiary of the Company entered into the cooperation framework agreement with Shenzhen Jia Heng Yuan Real Estate Co., Ltd (深圳嘉恒源置業有限公司) and Xi'an Jiang Hao Industrial Co., LTD (西安江浩實業有限公司) to cooperate in the development of a land parcel of approximately 500mu within the planning scope of the urban village reconstruction project in Dongsha area of Binhe New District, Ji'nan, the PRC (中國濟南濱河新區東沙片區). As at 31 December 2014, the project was yet to be commenced. For further details, please refer to the announcement of the Company dated 9 December 2014.

It is expected that the above investment will strengthen the advantage of the Group and therefore facilitate the development of the Group.

Save as disclosed, the Group did not have any significant investment during the year ended 31 December 2014.

Future plans for material investments or capital assets

The Group will continue to purchase land located at 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, the Group did not have any future plans for significant investments or capital assets as at the date of this announcement.

Material acquisitions and disposals of the subsidiaries and associated corporations

During the year ended 31 December 2014, save as disclosed, the Group did not have any material acquisitions and disposals of its subsidiaries and associated companies.

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:

- Enlarge our market shares in first tier cities. We intend to gain market share in Shenzhen and penetrate the other first tier city, Guangzhou, in the Pearl River Delta Region while further expanding our business operations in the key provincial capitals such as Hefei and Nanchang where we have successfully established our presence and brand name.

- 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 appreciation 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.
- 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 the diversification of 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. We intend to:
 - solidify such reputation in the cities where we have established our presence by providing quality products for our customers;
 - remain focused on creative architectural planning and innovative product designs to provide superior value for our customers;
 - engage in more projects that entail building landmark properties at prime locations;
 - organise promotional events such as online crowd funding to draw the attention of target customers; and
 - diversify our property management services by introducing e-commerce to the communities to meet the needs of our subscribers.
- Continue to maintain fast turnover of our developments. We intend to enhance the standardization of our products , reinforce the quality control of our products and streamline the management of our operations.
- Continue to enhance the policy of human resources. We intend to improve our incentive mechanism and 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.

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 fully utilised in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 21 January 2014. During the year ended 31 December 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.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB4 cents per Share, approximately RMB64 million in aggregate, for the year ended 31 December 2014 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on 6 July 2015. The proposed dividend is subject to the approval of Shareholders at the forthcoming annual general meeting to be held on Friday, 26 June 2015 (the "**2015 AGM**") and, if approved, will be payable on or before Monday, 13 July 2015. The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at the date of the 2015 AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) From Wednesday, 24 June 2015 to Friday, 26 June 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlements to attend and vote at the 2015 AGM. In order to be eligible to attend and vote at the 2015 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2015; and
- (ii) From Friday, 3 July 2015 to Monday, 6 July 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlements to the proposed final dividend. In order to establish the entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be

lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 July 2015.

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 announcement, 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 announcement.

THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Throughout the period since 30 January 2014 (the "**Listing Date**"), being the date on the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and up to 31 December 2014, the Company complied with the code provisions of the CG Code with the exception of code provision A.2.1 as addressed in the annual report of the Company for the year ended 31 December 2013.

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 up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year ended 31 December 2014. Save for the issue of Senior Notes 2014, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period from the Listing Date to 31 December 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 annual results for the year ended 31 December 2014.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group’s results for the year ended 31 December 2014 have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2014 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.redco.cn). The 2014 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 19 March 2015

As at the date of this announcement, the executive Directors are Mr. Huang Ruoqing, Mr. Tang Chengyong, Mr. Hong Duxuan; and the independent non-executive Directors are Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen, Mr. Yip Tai Him and Mr. Chow Kwong Fai, Edward, JP.