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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2015 increased by 28.4% to RMB1,646.8 million
- Contract sales for the six months ended 30 June 2015 increased by 48.2% to RMB1,694.9 million
- Profit for the six months ended 30 June 2015 attributable to equity holders of the Company increased by 113.3% to RMB289.1 million
- Cash and cash equivalents as at 30 June 2015 amounted to RMB1,256.4 million, gearing ratio was 44% as at 30 June 2015
- Land bank in aggregate was approximately 3.8 million sq.m. as at 30 June 2015
- Basic earnings per share was RMB18.07 cents

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Properties Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 with comparative figures for the corresponding period of 2014, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	4	1,646,835	1,282,569
Cost of sales		<u>(1,026,015)</u>	<u>(944,546)</u>
Gross profit		620,820	338,023
Other gains, net		2,069	278
Selling and marketing expenses		(45,785)	(26,606)
General and administrative expenses		(85,022)	(75,145)
Impairment of goodwill		<u>(9,756)</u>	<u>—</u>
Operating profit		482,326	236,550
Finance income	5	9,071	4,102
Finance costs	5	<u>(1,146)</u>	<u>(1,454)</u>
Finance income, net		<u>7,925</u>	<u>2,648</u>
Share of loss of a joint venture		<u>(1,448)</u>	<u>(4,101)</u>
Profit before income tax		488,803	235,097
Income tax expense	6	<u>(203,297)</u>	<u>(94,638)</u>
Profit for the period		<u>285,506</u>	<u>140,459</u>
Attributable to:			
Equity holders of the Company		289,069	135,493
Non-controlling interests		<u>(3,563)</u>	<u>4,966</u>
		<u>285,506</u>	<u>140,459</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic and diluted (expressed in RMB cents per share)	9	<u>18.07</u>	<u>8.82</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>285,506</u>	<u>140,459</u>
Other comprehensive loss		
Item that will not be reclassified subsequently to profit or loss		
- Exchange differences arising on translation of functional currency to presentation currency	<u>(9,946)</u>	<u>(7,530)</u>
Total other comprehensive loss	<u>(9,946)</u>	<u>(7,530)</u>
Total comprehensive income for the period	<u>275,560</u>	<u>132,929</u>
Attributable to:		
- Equity holders of the Company	279,119	128,027
- Non-controlling interests	<u>(3,559)</u>	<u>4,902</u>
Total comprehensive income for the period	<u>275,560</u>	<u>132,929</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2015	As at 31 December 2014
<i>Note</i>		<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		16,442	17,424
Goodwill		61,005	70,761
Interest in a joint venture		172,148	178,329
Deferred income tax assets		43,467	32,667
		293,062	299,181
Current assets			
Completed properties held for sale		977,122	1,142,338
Properties under development for sale		6,889,768	5,090,627
Trade receivables	7	350,138	—
Other receivables, deposits and prepayments	7	631,275	1,468,741
Amounts due from non-controlling interests		168,615	168,824
Income tax recoverable		93,950	94,228
Restricted cash		345,055	355,443
Cash and cash equivalents		1,256,396	951,480
		10,712,319	9,271,681
Total assets		11,005,381	9,570,862
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		125,808	125,808
Reserves		1,783,724	1,569,019
		1,909,532	1,694,827
Non-controlling interests		327,931	346,647
Total equity		2,237,463	2,041,474

		As at	As at
		30 June	31 December
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
LIABILITIES			
Non-current liabilities			
Borrowings		2,836,817	2,152,224
Deferred income tax liabilities		<u>153,843</u>	<u>114,090</u>
		2,990,660	2,266,314
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Current liabilities			
Trade and other payables	8	1,842,369	1,894,932
Dividend payables		64,000	—
Borrowings		522,238	609,220
Amounts due to non-controlling interests		1,030,731	749,458
Amounts due to related parties		—	5,000
Receipts in advance		2,005,216	1,679,121
Income tax liabilities		<u>312,704</u>	<u>325,343</u>
		5,777,258	5,263,074
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Total liabilities		<u>8,767,918</u>	<u>7,529,388</u>
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Total equity and liabilities		<u>11,005,381</u>	<u>9,570,862</u>
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Net current assets		<u>4,935,061</u>	<u>4,008,607</u>
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Total assets less current liabilities		<u>5,228,123</u>	<u>4,307,788</u>
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NOTES:

1 General information

The Company is an investment holding company and its subsidiaries 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, the 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 26 August 2015.

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 2015 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 2014, 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 2014 as included in the Company's annual report for the year ended 31 December 2014.

3.1 *Effect of adopting amendments to standards*

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2015 and do not have a material impact on the Group:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contribution
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010 — 2012 cycle
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011 — 2013 cycle

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

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 2015 and have not been early adopted by the Group:

HKAS 1 Amendment	Disclosure Initiative ⁽¹⁾
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽¹⁾
HKAS 16 and HKAS 41 (Amendment)	Bearer Plants ⁽¹⁾
HKAS 27 (Amendment)	Equity Method ⁽¹⁾
HKFRS 9	Financial Instruments ⁽⁴⁾
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture ⁽¹⁾
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception ⁽¹⁾
HKFRS 11 (Amendment)	Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operation ⁽¹⁾
HKFRS 14	Regulatory Deferral Accounts ⁽¹⁾
HKFRS 15	Revenue from Contracts with Customers ⁽³⁾
HKFRSs (Amendment)	Annual improvements to HKFRSs 2012 — 2014 cycle ⁽²⁾

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

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

⁽³⁾ Effective for the Group for annual period beginning on 1 January 2017.

⁽⁴⁾ 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 2015 are accrued using the tax rate that would be applicable to expected total annual earnings.

4 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 assess 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 holding 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 (expenses)/credit from the operating segments.

	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>
Six months ended 30 June 2015 (Unaudited)						
Total revenue	876,989	207,712	562,134	—	17,609	1,664,444
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(17,609)</u>	<u>(17,609)</u>
Revenue (from external customers)	<u>876,989</u>	<u>207,712</u>	<u>562,134</u>	<u>—</u>	<u>—</u>	<u>1,646,835</u>
Segment results	350,342	19,022	165,387	(9,874)	(40,059)	484,818
Depreciation	<u>(500)</u>	<u>(308)</u>	<u>(624)</u>	<u>(275)</u>	<u>(785)</u>	<u>(2,492)</u>
Operating profits/(losses)	349,842	18,714	164,763	(10,149)	(40,844)	482,326
Share of loss of a joint venture	(1,448)	—	—	—	—	(1,448)
Finance income	4,586	531	589	206	3,159	9,071
Finance costs	—	—	—	—	(1,146)	(1,146)
Income tax expense	<u>(112,096)</u>	<u>(17,549)</u>	<u>(44,299)</u>	<u>(816)</u>	<u>(28,537)</u>	<u>(203,297)</u>
Profit/(loss) for the period	<u><u>240,884</u></u>	<u><u>1,696</u></u>	<u><u>121,053</u></u>	<u><u>(10,759)</u></u>	<u><u>(67,368)</u></u>	<u><u>285,506</u></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>
Six months ended 30 June 2014 (Unaudited)						
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	<u>(873)</u>	<u>(279)</u>	<u>(656)</u>	<u>(107)</u>	<u>(462)</u>	<u>(2,377)</u>
Operating profits/(losses)	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	<u>(61,122)</u>	<u>(693)</u>	<u>(32,985)</u>	<u>162</u>	<u>—</u>	<u>(94,638)</u>
Profit/(loss) for the period	<u><u>108,357</u></u>	<u><u>(7,570)</u></u>	<u><u>81,834</u></u>	<u><u>(3,262)</u></u>	<u><u>(38,900)</u></u>	<u><u>140,459</u></u>

	Greater Western Taiwan Straits Economic Zone <i>RMB'000</i>	Central and Western Regions <i>RMB'000</i>	Bohai Economic Rim <i>RMB'000</i>	Pearl River Delta Region <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2015						
(Unaudited)						
Total segment assets	<u>4,142,415</u>	<u>2,276,737</u>	<u>2,626,619</u>	<u>1,526,043</u>	<u>428,428</u>	<u>11,000,242</u>
Other unallocated corporate assets						<u>5,139</u>
Total assets						<u><u>11,005,381</u></u>
Additions to:						
Property, plant and equipment	<u>661</u>	<u>111</u>	<u>495</u>	<u>221</u>	<u>670</u>	<u>2,158</u>
Total segment liabilities	<u>(3,905,218)</u>	<u>(1,689,696)</u>	<u>(1,042,231)</u>	<u>(434,970)</u>	<u>(1,695,803)</u>	<u>(8,767,918)</u>
As at 31 December 2014						
(Audited)						
Total segment assets	<u>3,584,027</u>	<u>1,721,712</u>	<u>2,551,919</u>	<u>1,386,674</u>	<u>321,063</u>	<u>9,565,395</u>
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 property 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>

5 **Finance income and costs**

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest income from bank deposits	<u>9,071</u>	<u>4,102</u>
Interest expense on borrowings wholly repayable within five years	187,342	73,717
Interest expense on borrowings wholly repayable after five years	—	45
Less: interest capitalised in qualifying assets	<u>(186,196)</u>	<u>(72,308)</u>
	<u>1,146</u>	<u>1,454</u>
Weighted average interest rate on capitalised borrowings (per annum)	<u>10.38%</u>	<u>7.89%</u>

6 **Income tax expense**

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax (“EIT”) at the rate of 25% for the six months ended 30 June 2015 (six months ended 30 June 2014: 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 six months ended 30 June 2015 (six months ended 30 June 2014: Nil). As at 30 June 2015, there was no significant unprovided deferred taxation in relation to these Hong Kong companies (31 December 2014: 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.

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current income tax		
EIT	140,996	74,262
LAT	33,347	14,689
Deferred income tax	<u>28,954</u>	<u>5,687</u>
	<u>203,297</u>	<u>94,638</u>

7 **Trade and other receivables, deposits and prepayments**

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current assets		
Trade receivables ^(a)	<u>350,138</u>	<u>—</u>
Other receivables	457,813	535,615
Deposits with local real estate associations ^(b)	37,574	58,810
Deposits with local labour bureau	6,538	9,304
Deposits with local treasury bureau	<u>3,966</u>	<u>3,966</u>
	505,891	607,695
Prepaid business tax and surcharges	83,334	54,168
Prepayment for construction costs	42,050	24,945
Prepayment for land use rights	<u>—</u>	<u>781,933</u>
	<u>631,275</u>	<u>1,468,741</u>

(a) The Group's trade receivables are due upon issue of invoice and were current as at 30 Jun 2015.

(b) 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 as required by the relevant regulations in respect of the Group's property development projects in Jinan.

(c) The fair values of other receivables, deposits and prepayments approximate their carrying amounts and are unsecured, interest-free and repayable on demand.

8 **Trade and other payables**

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	1,197,654	1,305,160
Accruals and other payables	<u>644,715</u>	<u>589,772</u>
	<u>1,842,369</u>	<u>1,894,932</u>

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

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0-30 days	941,994	754,567
31-60 days	37,882	110,097
61-90 days	5,840	141,922
Over 90 days	<u>211,938</u>	<u>298,574</u>
	<u><u>1,197,654</u></u>	<u><u>1,305,160</u></u>

9 Earnings per share

The basic earnings per share for the period ended 30 June 2015 and 2014 is calculated based on the profit attributable to the equity holders of the Company.

	Six months ended 30 June 2015	2014
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to equity holders of the Company <i>(RMB'000)</i>	<u>289,069</u>	<u>135,493</u>
Weighted average number of shares in issue <i>(in thousand)</i>	<u>1,600,000</u>	<u>1,535,912</u>
Basic earnings per share <i>(RMB cents)</i>	<u>18.07</u>	<u>8.82</u>

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

The Company had no potential dilutive earnings per shares for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10 Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

A final dividend in respect of the year ended 31 December 2014 of RMB0.04 per ordinary share, amounting to RMB64,000,000 was approved at the annual general meeting of the Company held on 26 June 2015. The dividend yet to pay out by the Company as at 30 June 2015 was RMB64,000,000, which was paid on 13 July 2015.

11 Subsequent events

On 7 August 2015, 深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company, as the purchaser (the **Purchaser**) and an independent third party as the vendor (the **Vendor**), among others, entered into a cooperation framework agreement pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, 70% equity interest in 深圳市泰富華悅都會置業有限公司 (Shenzhen Topfar Yueduhui Property Co., Ltd.*) (**Shenzhen Topfar**) and saleable properties in respect of the development of a parcel of land in Ping Shan New District in Shenzhen and their ancillary facilities (other than the returnable properties) at a consideration of approximately RMB466 million (approximately HK\$582 million), subject to adjustments. Upon completion of the said acquisition, Shenzhen Topfar will become an indirectly non-wholly owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 7 August 2015.

* *For identification purpose only*

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 the first half of 2014 and 2015, our revenue was RMB1,282.6 million and RMB1,646.8 million respectively. And our profit for the six months ended 30 June 2014 and 2015, attributable to equity holders of the Company was RMB135.5 million and RMB289.1 million, respectively.

We believe that we have successfully established the “Redco” brand in the cities where we have built our presence. 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 (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 first half of 2015, we were awarded one of the “2015 Top 10 Hong Kong Listed Domestic Developers Worthy of Investment” (2015中國大陸在港上市房地產公司投資價值TOP 10) by the aforesaid institutions. 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 30 June 2015, our property portfolio comprised 18 property development projects with an aggregate gross floor area (“GFA”) of 3,833,285.8 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 2015:

Project	Site area ⁽¹⁾ (sq.m.)	Total GFA ⁽²⁾ (sq.m.)	Total GFA under various stages of development remaining unsold ⁽³⁾ (sq.m.)
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	57,968.8
Spain Standard 力高國際城	466,665.3	908,932.6	103,174.1
Riverside International 濱江國際	37,345.7	204,600.6	41,899.3
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 君御華府	41,994.5	109,826.6	109,826.6
Imperial Metropolis 君御都會	84,093.3	227,119.0	227,119.0
TIANJIN			
Sunshine Coast 陽光海岸	481,394.0	1,475,226.0	1,466,664.5
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	42,827.8
Splendid the Legend 盛世名門	51,675.2	205,813.6	10,652.0
Scenery Holiday 假日麗景	34,934.9	87,545.2	2,063.5
YANTAI			
Sunshine Coast - Phase I 陽光海岸 - 第一期	51,693.7	186,470.8	186,470.8
HEFEI			
Mix Kingdom Redco 力高●共和城	395,596.4	871,735.3	374,695.6
Prince Royal Family 君御世家	88,025.5	299,699.5	299,699.5
XIANYANG			
Royal City - Phase I 御景灣 - 第一期	69,466.8	237,012.8	184,297.5
SHENZHEN			
Royal International 力高君御花園	33,035.3	177,640.0	<u>177,640.0</u>
TOTAL			<u><u>3,833,285.8</u></u>

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. “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

On 7 August 2015, 深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company, as the purchaser and an independent third party as the vendor, among others, entered into a cooperation framework agreement pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, 70% equity interest in 深圳市泰富華悅都會置業有限公司 (Shenzhen Topfar Yueduhui Property Co., Ltd.*) and saleable properties in respect of the development of a parcel of land in Ping Shan New District in Shenzhen and their ancillary facilities (other than the returnable properties) at a consideration of approximately RMB466 million (approximately HK\$582 million), subject to adjustments. Upon completion of the said acquisition, Shenzhen Topfar will become an indirect non-wholly owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 7 August 2015.

FINANCIAL REVIEW

Results of Operations

Revenue

Overall revenue for the six months ended 30 June 2015 increased by 28.4% to RMB1,646.8 million from RMB1,282.6 million for the six months ended 30 June 2014 primarily due to the increase in our GFA delivered for the residential property for Spain Standard in Nanchang, Mix Kingdom Redco in Hefei and phase I of Royal City in Xiangyang and the income generated from the sea reclamation works in Tianjin of approximately RMB350.1 million, which was partially offset by the decrease in the GFA delivered for Redco International in Jinan. Total GFA delivered increased by 10.0% to 197,467 sq.m for the six months ended 30 June 2015 from 179,526 sq.m. for the six months ended 30 June 2014. The increase in our total GFA delivered was partially offset by the slight decrease in the recognised average selling price (“ASP”) for the properties delivered in the first half of 2015. The ASP for

properties delivered decreased slightly to RMB6,567 for the six months ended 30 June 2015 from RMB7,144 for the six months ended 30 June 2014, representing a 8.1% drop which was primarily due to the decrease in GFA delivered in Redco International in Jinan which recognised a relatively higher ASP as compared with other property development projects of the Group.

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					
	2015	2014	2015	2014	2015	2014
	<i>Revenue</i>		<i>GFA Delivered</i>		<i>Recognised ASP</i>	
	<i>(RMB'000)</i>		<i>(sq.m.)</i>		<i>(RMB per sq.m.)</i>	
Greater Western Taiwan Straits Economic Zone	876,989	360,182	126,948	56,357	6,908	6,391
Central and Western Regions	207,712	11,587	40,861	1,010	5,083	11,472
Bohai Economic Rim						
— Primary land development*	350,138	—	—	—	—	—
— Properties sales	211,996	910,800	29,658	122,159	7,148	7,456
Pearl River Delta Region	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	<u>1,646,835</u>	<u>1,282,569</u>	<u>197,467</u>	<u>179,526</u>	<u>6,567</u>	<u>7,144</u>

* Primary land development represents the sea reclamation works in Tianjin.

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone increased by 143.5% to RMB877.0 million for the six months ended 30 June 2015 from RMB360.2 million for the six months ended 30 June 2014. The increase was primarily attributable to the increase in GFA delivered for Spain Standard in Nanchang, a property development project of which the section 3 of phase 5 of the Company began to recognise revenue from sales in 2015.

- **Central and Western Regions:** Our segment revenue for the Central and Western Regions increased by 1,690.5% to RMB207.7 million for the six months ended 30 June 2015 from RMB 11.6 million for the six months ended 30 June 2014. The increase was primarily attributable to the increase in the GFA delivered for Mix Kingdom Redco in Hefei and phase I of Royal City in Xianyang.
- **Bohai Economic Rim:** Our segment revenue for the Bohai Economic Rim decreased by 38.3% to RMB562.1 million for the six months ended 30 June 2015 from RMB910.8 million for the six months ended 30 June 2014. The decrease was primarily due to the decrease in GFA delivered for Redco International in Jinan, partially offset by the income generated from the sea reclamation works in Tianjin.
- **Pearl River Delta Region:** There was only one project in this region during the six months ended 30 June 2015. 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 2014 and 2015.

Cost of sales

Cost of sales increased by 8.6% to RMB1,026.0 million for the six months ended 30 June 2015 from RMB944.5 million for the six months ended 30 June 2014. This increase was primarily due to an increase in cost of properties sold as a result of a increase in GFA delivered to 197,467 sq.m. for the six months ended 30 June 2015 from 179,526 sq.m. for the six months ended 30 June 2014 partially offset by (i) a decrease in average land acquisition costs per sq.m. delivered to RMB438 for the six months ended 30 June 2015 from RMB1,209 for the six months ended 30 June 2014 and (ii) a decrease in average construction costs per sq.m. delivered to RMB3,019 for the six months ended 30 June 2015 from RMB3,480 for the six months ended 30 June 2014. The decrease in average land acquisition costs per sq.m. delivered was primarily due to the decrease in the GFA delivered for Redco International in Jinan with a relatively high land acquisition costs in first half of 2015. The higher construction cost of Redco International in Jinan is mainly due to additional insulation works that need to be done for the outside walls of the residential properties in the cities throughout North China.

Gross profit

Gross profit increased by 83.7% to RMB620.8 million for the six months ended 30 June 2015 from RMB338.0 million for the six months ended 30 June 2014. Our gross profit margin increased to 37.7% for the six months ended 30 June 2015 from 26.4% for the six months ended 30 June 2014. This increase was primarily attributable to the higher gross profit margin for Spain Standard in Nanchang and the sea reclamation works in Tianjin for the six months ended 30 June 2015.

Other gains, net

Other gains increased to RMB2.1 million for the six months ended 30 June 2015 from RMB0.3 million for the six months ended 30 June 2014. The increase was primarily attributable to the forfeiture of customers' deposits.

Selling and marketing expenses

Selling and marketing expenses increased by 72.2% to RMB45.8 million for the six months ended 30 June 2015 from RMB26.6 million for the six months ended 30 June 2014. Selling and marketing expenses mainly represent the promotion of our properties. The increase was mainly due to the increase in the marketing promotion activities for the projects which we have commenced, or will commence sales in 2015.

General and administrative expenses

General and administrative expenses increased by 13.2% to RMB85.0 million for the six months ended 30 June 2015 from RMB75.1 million for the six months ended 30 June 2014. This increase was primarily due to the increase in employee benefit, office and travelling expenses, partially offset by a decrease in other general and administrative expenses.

Impairment of goodwill

Impairment of goodwill increased to RMB9.8 million for the six months ended 30 June 2015 from nil for the six months ended 30 June 2014. Such goodwill represents certain premium paid in connection with our acquisition of an 80% equity interest in Changfeng Lianhua Real Estate Co., Ltd. (“**Changfeng**”), which holds Mix Kingdom Redco in Hefei. The increase in 2015 was mainly due to the increase in GFA delivered for Mix Kingdom Redco in the first half of 2015 and therefore an increase in impairment made for each phase of Changfeng.

Operating profit

As a result of the above, our operating profit increase by 103.8% to RMB482.3 million for the six months ended 30 June 2015 from RMB236.6 million for the six months ended 30 June 2014.

Finance income

Finance income increased by 122.0% to RMB9.1 million for the six months ended 30 June 2015 from RMB4.1 million for the six months ended 30 June 2014. 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 in respect of the cash pledged loan in the first half of 2015.

Finance costs

Finance costs decreased by 26.7% to RMB1.1 million for the six months ended 30 June 2015 from RMB1.5 million for the six months ended 30 June 2014, which was mainly due to the decrease in borrowing for the general corporate purpose and most of the loan interest was capitalized in the properties under development.

Share of loss of a joint venture

Share of loss of a joint venture decreased by 65.9% to RMB1.4 million for the six months ended 30 June 2015 from RMB4.1 million for the six months ended 30 June 2014. The decrease was primarily due to the decrease in share of loss related to Redco Industry (Jiangxi) Co., Ltd., which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as the occupation rate of the hotel advanced in the first half of 2015.

Profit before income tax

As a result of the above, profit before income tax for the six months ended 30 June 2015 increased to RMB488.8 million from RMB235.1 million for the six months ended 30 June 2014.

Income tax expense

Income tax expense increased by 114.9% to RMB203.3 million for the six months ended 30 June 2015 from RMB94.6 million for the six months ended 30 June 2014. The increase was primarily due to an increase in EIT as a result of increased revenue, an increase in LAT as a result of the higher gross profit margin and tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries.

Profit for the six months ended 30 June 2015

As a result of the above, profit for the six months ended 2015 increased by 103.2% to RMB285.5 million from RMB140.5 million for the six months ended 30 June 2014. The profit for the six months ended 30 June 2015 mainly arising from the profit in Greater Western Taiwan Straits Economic Zone for RMB240.9 million, Central and Western regions for RMB1.7 million and Bohai Economic Rim for RMB121.1 million, partially offset by the loss in Pearl River Delta Region for RMB10.8 million and Others segment for RMB67.4 million.

Profit for the six months ended 30 June 2015 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 increased by 113.4% to RMB289.1 million for the six months ended 30 June 2015 from RMB135.5 million for the six months ended 30 June 2014. Profit attributable to non-controlling interests decreased by 172.0% to loss RMB3.6 million for the six months ended 30 June 2015 from a profit of RMB5.0 million for the six months ended 30 June 2014 mainly due to those projects with minority shareholders being still under development which have not delivered as at 30 June 2015.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB1,256.4 million (31 December 2014: RMB951.5 million) and restricted cash of RMB345.1 million (31 December 2014: RMB355.4 million) as at 30 June 2015. As at 30 June 2015, the Group's cash and cash equivalents were denominated in Hong Kong dollar (“HK\$”), RMB and the United States dollar.

Borrowings

The Group had borrowings of approximately RMB3,359.1 million (31 December 2014: RMB2,761.4 million) as at 30 June 2015. The following table sets out the maturity profile of the Group's borrowings as at the dates indicated.

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Amounts of borrowings repayable:		
- Within 1 year	451,264	538,219
- Between 1 and 2 years	765,594	1,211,001
- Between 2 and 5 years	<u>2,142,197</u>	<u>1,012,224</u>
	<u>3,359,055</u>	<u>2,761,444</u>

As at 30 June 2015, the Group's borrowings were denominated in RMB and HK\$.

As at 30 June 2015, the Group was exposed to foreign exchange risk primarily with respect to certain of its borrowings which were denominated in HK\$ and USD. RMB experienced certain appreciation against HK\$ during the six months ended 30 June 2015 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 2015, the Group's net gearing ratio was 44% (31 December 2014: 42%). 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 period) was 10.38% per annum in the first half of 2015, versus 7.89% per annum in the first half of 2014.

Contingent liabilities

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

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>3,202,045</u>	<u>2,801,078</u>

The Group has been arranging bank financing for certain purchasers of the Group's properties and provided guarantees to secure their obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificates to the purchasers 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 obliged 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 to 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 2015. 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 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had a total of approximately 615 employees (31 December 2014: 653 employees). For the six months ended 30 June 2015, the remuneration of the Group's employees (including directors' emoluments) amounted to approximately RMB39.9 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 of the Company for the year ended 31 December 2014. 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 six months ended 30 June 2015.

Charge over assets

As at 30 June 2015, the Group had aggregate banking facilities of approximately RMB2,650,532,000 (31 December 2014: RMB2,119,220,000) for overdrafts, bank loans and trade financing. The unutilised banking facilities as at 30 June 2015 amounted to RMB40,000,000 (31 December 2014: RMB105,000,000).

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

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and associated companies

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 "Hongye Project"). The land of the Hongye 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. As at 30 June 2015, the project has not yet commenced. For further details, please refer to the announcement of the Company dated 5 January 2015.

As at the date of this announcement, the Board remains positive on the prospects of the above investment. It is expected that the above investment will facilitate the Group's development in Shenzhen.

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 six months ended 30 June 2015.

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 announcement, the Company did not have any plans authorised by the Board for significant investments or capital assets as at the date of this announcement.

OUTLOOK

Within the next five years, we shall strive for a high quality growth and aim to become (i) one of the top 50 real estate developers in the PRC ; (ii) one of the leading real estate developers in most of our strategically targeted key economic cities; and (iii) one of the leading integrated developers characteristic of both brand and quality. We believe that we can achieve theaforesaid objectives by executing the following strategies:

- centralise the distribution of our developments in the key regions, taking into consideration of both profit and scale as a whole. We intend to gain market share in Shenzhen and penetrate other first tier cities, Guangzhou, for instance, 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 whereby we can enlarge our development scale and increase our profit.
- 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 cooperate with the peers that have prime land resources and 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.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 to the shareholders of the Company (the “Shareholders”) (six months ended 30 June 2014: 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 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”) during the six months ended 30 June 2015.

THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, 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 of the Company for the year ended 31 December 2014.

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 six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2015. Save as disclosed in this announcement, 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 2015.

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 unaudited interim results and the unaudited condensed consolidated financial information of the Company and its subsidiaries for the six months ended 30 June 2015.

PUBLICATION OF THE 2015 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.redco.cn). The interim report of the Company for the six months ended 30 June 2015 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 Hong Kong Stock Exchange and the Company in due course.

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

Hong Kong, 26 August 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.