



力高地产
REDCO REAL ESTATE

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1622



2015
INTERIM REPORT

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

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FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015 RMB'000	2014 RMB'000	Change (%)
Revenue	1,646,835	1,282,569	28.4
Gross profit	620,820	338,023	83.7
Profit before income tax	488,803	235,097	107.9
Profit for the period	285,506	140,459	103.3
Profit attributable to equity holders of the Company	289,069	135,493	113.3
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	18.07	8.82	104.9

	30 June	31 December	Change (%)
	2015 RMB'000	2014 RMB'000	
Total Assets	11,005,381	9,570,862	15.0
Cash and cash equivalents	1,256,396	951,480	32.0
Total Bank and other borrowings	3,359,055	2,761,444	21.6

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive directors

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

COMPANY SECRETARY

Mr. CHAN Hing Chau

AUTHORISED REPRESENTATIVES

Mr. HUANG Ruoqing
Mr. CHAN Hing Chau

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

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

COMPLIANCE ADVISOR

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 6003 Yitian Road
CBD, Shenzhen
People's Republic of China

PRINCIPLE PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

INVESTOR RELATIONS

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STOCK CODE

1622

WEBSITE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Redco Properties Group Limited (the “Company”) and its subsidiaries (the “Group”) is an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Project	Site area ⁽¹⁾ (sq.m.)	Total GFA ⁽²⁾ (sq.m.)	Total GFA under various stages of development remaining unsold ⁽³⁾ (sq.m.)
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	177,640.0
TOTAL			<u>3,833,285.8</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.

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	
	Revenue (RMB'000)		GFA Delivered (sq.m.)		Recognised ASP (RMB per sq.m.)	
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	1,646,835	1,282,569	197,467	179,526	6,567	7,144

* 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 an 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 30 June 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 ("USD").

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 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
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	2,142,197	1,012,224
	<u>3,359,055</u>	<u>2,761,444</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
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 report, 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 report, the Company did not have any plans authorised by the Board for significant investments or capital assets as at the date of this report.

OUTLOOK

Within the next five years, we 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.

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

Hong Kong, 26 August 2015

DISCLOSURE OF INTERESTS

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

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Interest in the Company:

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

Notes:

- (1) The letters "L" denotes the person's long position in the Shares.
- (2) 480,000,000 Shares are registered in the name of Times International Development Company Limited ("Times International"). As at 30 June 2015, Mr. Huang Ruoqing ("Mr. Huang") beneficially owned 100% of the issued share capital of Times International and was deemed to be interested in the 480,000,000 Shares held by Times International pursuant to the SFO.

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2015, substantial shareholders' interests or short position in the shares and underlying shares of the Company, being interests of 5% or more, as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

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

Notes:

- (1) As at the date of this report, the entire share capital of Global Universe International Holdings Limited ("Global Universe"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, was held by Mr. Wong Yeuk Hung ("Mr. Wong"). As such, Mr. Wong was deemed to be interested in the Shares held by Global Universe.
- (2) Ms. Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Ms. Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.
- (3) The entire share capital of Times International, a company incorporated in the BVI with limited liability, was held by Mr. Huang. Accordingly, Mr. Huang was deemed to be interested in the 480,000,000 Shares held by Times International. Details of which are set out in the section headed "Directors and Chief Executive's interests and short positions in shares, underlying shares, and debentures" above.
- (4) Ms. Fan Huili is the spouse of Mr. Huang. By virtue of the SFO, Ms. Fan Huili is deemed to be interested in the Shares held by Mr. Huang.

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 report, the Company has maintained the prescribed public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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. The Board considers that such exception will not have adverse effect to the Company as decisions will be made collectively by the executive Directors. For further details of such exception, please refer to section headed “Corporate Governance Report – (D) Chairman and Chief Executive” of 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. 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 report, neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities for the six months ended 30 June 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 interim report of the Company and its subsidiaries for the six months ended 30 June 2015.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

Name of Director(s)	Details of changes
Mr. Yip Tai Him	<ul style="list-style-type: none"> resigned as an independent non-executive director of China Star Cultural Media Group Limited (Stock Code: 8172) on 2 April 2015 resigned as an independent non-executive director of Larry Jewelry International Company Limited (Stock Code: 8351) (“Larry Jewelry”) on 15 October 2014 resigned as an independent non-executive director of iOne Holdings Limited (Stock Code: 982) on 21 July 2014
Mr. Chow Kwong Fai, Edward JP	<ul style="list-style-type: none"> appointed as an independent non-executive director of Melco International Development Limited (Stock Code: 200) on 12 June 2015
Mr. Chau On Ta Yuen	<ul style="list-style-type: none"> re-designated from an executive director of China Ocean Shipbuilding Industry Group Limited (Stock Code: 651) to a non-executive director and appointed as its honorary chairman on 23 June 2015

Save as disclosed above, there is no other change in the Directors’ information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF REDCO PROPERTIES GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 40, which comprises the condensed consolidated balance sheet of Redco Properties Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	6	1,646,835	1,282,569
Cost of sales		(1,026,015)	(944,546)
Gross profit		620,820	338,023
Other gains, net	7	2,069	278
Selling and marketing expenses		(45,785)	(26,606)
General and administrative expenses		(85,022)	(75,145)
Impairment of goodwill		(9,756)	—
Operating profit		482,326	236,550
Finance income	8	9,071	4,102
Finance costs	8	(1,146)	(1,454)
Finance income, net		7,925	2,648
Share of loss of a joint venture		(1,448)	(4,101)
Profit before income tax		488,803	235,097
Income tax expense	9	(203,297)	(94,638)
Profit for the period		285,506	140,459
Attributable to:			
Equity holders of the Company		289,069	135,493
Non-controlling interests		(3,563)	4,966
		285,506	140,459
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	18	18.07	8.82

The notes on pages 25 to 40 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (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><u>275,560</u></u>	<u><u>132,929</u></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><u>275,560</u></u>	<u><u>132,929</u></u>

The notes on pages 25 to 40 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
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
		<u>293,062</u>	<u>299,181</u>
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	10	350,138	—
Other receivables, deposits and prepayments	10	631,275	1,468,741
Amounts due from non-controlling interests	19	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
		<u>10,712,319</u>	<u>9,271,681</u>
Total assets		<u>11,005,381</u>	<u>9,570,862</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	125,808	125,808
Reserves		1,783,723	1,569,019
		<u>1,909,531</u>	<u>1,694,827</u>
Non-controlling interests		327,931	346,647
Total equity		<u>2,237,462</u>	<u>2,041,474</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	12	2,836,817	2,152,224
Deferred income tax liabilities		153,843	114,090
		<u>2,990,660</u>	<u>2,266,314</u>
Current liabilities			
Trade and other payables	13	1,842,370	1,894,932
Dividend payable	20	64,000	—
Borrowings	12	522,238	609,220
Amounts due to non-controlling interests	19	1,030,731	749,458
Amounts due to related parties	19	—	5,000
Receipts in advance		2,005,216	1,679,121
Income tax liabilities		312,704	325,343
		<u>5,777,259</u>	<u>5,263,074</u>
Total liabilities		<u>8,767,919</u>	<u>7,529,388</u>
Total equity and liabilities		<u>11,005,381</u>	<u>9,570,862</u>
Net current assets		<u>4,935,060</u>	<u>4,008,607</u>
Total assets less current liabilities		<u>5,228,122</u>	<u>4,307,788</u>

The notes on pages 25 to 40 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015 (Audited)	125,808	1,569,019	346,647	2,041,474
Comprehensive income				
Profit/(loss) for the period	—	289,069	(3,563)	285,506
Other comprehensive loss				
Currency translation differences	—	(9,950)	4	(9,946)
Total comprehensive income for the period	<u>—</u>	<u>279,119</u>	<u>(3,559)</u>	<u>275,560</u>
Transactions with owners				
Dividend relating to 2014 declared (Note 20)	—	(64,000)	(15,572)	(79,572)
Change in ownership interests in subsidiary without change in control	—	(415)	415	—
Total transaction with owners recognised directly in equity	<u>—</u>	<u>(64,415)</u>	<u>(15,157)</u>	<u>(79,572)</u>
Balance at 30 June 2015 (Unaudited)	<u>125,808</u>	<u>1,783,723</u>	<u>327,931</u>	<u>2,237,462</u>
Balance at 1 January 2014 (Audited)	<u>—</u>	<u>888,945</u>	<u>262,560</u>	<u>1,151,505</u>
Comprehensive income				
Profit for the period	—	135,493	4,966	140,459
Other comprehensive loss				
Currency translation differences	—	(7,466)	(64)	(7,530)
Total comprehensive income for the period	<u>—</u>	<u>128,027</u>	<u>4,902</u>	<u>132,929</u>
Transactions with owners				
Issue of shares by a subsidiary	—	—	4,400	4,400
Capitalisation issue (Note 11(b))	94,356	(94,356)	—	—
Issue of new shares pursuant to the global offering (Note 11(c))	31,452	717,221	—	748,673
Dividend relating to 2013 paid (Note 20)	—	(150,000)	—	(150,000)
Total transaction with owners recognised directly in equity	<u>125,808</u>	<u>472,865</u>	<u>4,400</u>	<u>603,073</u>
Balance at 30 June 2014 (Unaudited)	<u>125,808</u>	<u>1,489,837</u>	<u>271,862</u>	<u>1,887,507</u>

The notes on pages 25 to 40 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cash flows from operating activities			
Net cash used in operations	14	(230,262)	(850,739)
Income tax paid		(186,698)	(133,813)
Net cash used in operating activities		<u>(416,960)</u>	<u>(984,552)</u>
Cash flows from investing activities			
Additions of property, plant and equipment		(2,158)	(5,841)
Acquisition of a subsidiary, net of cash acquired		21,858	—
Repayment to a related party		(5,000)	(887)
Proceed for disposal of fixed assets		395	—
Advance from non-controlling interests		288,516	40,144
Repayment from a joint venture		5,273	—
Decrease/(increase) in restricted cash		10,388	(698,852)
Interest received		9,071	4,102
Net cash generated from/(used in) investing activities		<u>328,343</u>	<u>(661,334)</u>
Cash flows from financing activities			
Issuance of new shares		—	748,673
Proceeds from bank borrowings		1,904,794	1,087,548
Repayment of bank borrowings		(1,308,390)	(133,461)
Repayment to jointly controlled entities		—	(5,196)
Interest paid		(187,342)	(72,308)
Dividend paid		(15,572)	(150,000)
Net cash generated from financing activities		<u>393,490</u>	<u>1,475,256</u>
Net increase/(decrease) in cash and cash equivalents		304,873	(170,630)
Cash and cash equivalents at beginning of period		951,480	827,804
Currency translation differences		43	1,106
Cash and cash equivalents at end of the period		<u>1,256,396</u>	<u>658,280</u>

Non-cash transactions

For the period ended 30 June 2015, the principal non-cash transaction was the dividend payable of RMB64,000,000 (Note 20) (30 June 2014: Nil).

The notes on pages 25 to 40 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

1 GENERAL INFORMATION

Redco Properties Group Limited (the “Company”) is an investment holding company and its subsidiaries (together with the Company, referred to as “the Group”) are principally engaged in property development business in the People’s Republic of China (the “PRC”).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

3 ACCOUNTING POLICIES – continued

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

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 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.

3 ACCOUNTING POLICIES – continued

3.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Sale of properties*

Revenue from sale of properties is recognised when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are included as deferred revenue under current liabilities.

(ii) *Service income*

The Group provides sea reclamation services. For service income, revenue is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the construction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

(iii) *Interest income*

Interest income is recognised using the effective interest method.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. Except for a newly drawn non-current borrowing of USD75 million equivalent to RMB465 million with maturity date 12 March 2018.

5.3 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables, other receivables, cash and cash equivalents, amounts due from non-controlling interests, trade and other payables and current portion of bank borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments or based on the current bid price in the market. The Group and the Company do not have any financial instruments that are measured at fair value.

6 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 and 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 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
Six months ended 30 June 2015 (Unaudited)						
Total revenue	876,989	207,712	562,134	—	17,609	1,664,444
Inter-segment revenue	—	—	—	—	(17,609)	(17,609)
Revenue (from external customers)	876,989	207,712	562,134	—	—	1,646,835
Segment results	350,342	19,022	165,387	(9,874)	(40,059)	484,818
Depreciation	(500)	(308)	(624)	(275)	(785)	(2,492)
Operating profit/(loss)	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	(112,096)	(17,549)	(44,299)	(816)	(28,537)	(203,297)
Profit/(loss) for the period	240,884	1,696	121,053	(10,759)	(67,368)	285,506

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

6 REVENUE AND SEGMENT INFORMATION – continued

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
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	(873)	(279)	(656)	(107)	(462)	(2,377)
Operating profit/(loss)	172,809	(7,212)	114,573	(3,491)	(40,129)	236,550
Share of loss of a joint venture	(4,101)	—	—	—	—	(4,101)
Finance income	771	335	246	67	2,683	4,102
Finance costs	—	—	—	—	(1,454)	(1,454)
Income tax (expense)/credit	(61,122)	(693)	(32,985)	162	—	(94,638)
Profit/(loss) for the period	<u>108,357</u>	<u>(7,570)</u>	<u>81,834</u>	<u>(3,262)</u>	<u>(38,900)</u>	<u>140,459</u>
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>11,005,381</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>(3,905,219)</u>	<u>(1,689,696)</u>	<u>(1,042,231)</u>	<u>(434,970)</u>	<u>(1,695,803)</u>	<u>(8,767,919)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

6 REVENUE AND SEGMENT INFORMATION – continued

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
As at 31 December 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>9,570,862</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>

7 OTHER GAINS, NET

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Gains on disposal of property, plant and equipment	330	278
Others	<u>1,739</u>	<u>—</u>
	<u>2,069</u>	<u>278</u>

8 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
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>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

9 INCOME TAX EXPENSE

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax at the rate of 25% for the six months ended 30 June 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 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 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current income tax		
PRC enterprise income tax	140,996	74,262
PRC land appreciation tax	33,347	14,689
Deferred income tax	28,954	5,687
	<u>203,297</u>	<u>94,638</u>

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

Note:

- (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.

11 SHARE CAPITAL

	Number of share	Par value (HK\$0.1 per share) HK\$
Authorised:		
As at 1 January 2014	3,800,000	380,000
Increase of authorised share capital (Note a)	4,996,200,000	499,620,000
At 30 June 2015 and 31 December 2014	<u>5,000,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
As at 1 January 2014	200	20
Capitalisation issue (Note b)	1,199,999,800	119,999,980
Issue of new shares pursuant to the global offering (Note c)	400,000,000	40,000,000
At 30 June 2015 and 31 December 2014	<u>1,600,000,000</u>	<u>160,000,000</u>
RMB equivalent at 30 June 2015 and 31 December 2014		<u>125,808,000</u>

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

12 BORROWINGS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Long-term bank borrowings, secured	2,088,294	1,405,000
Senior Notes due 2019, secured	748,523	747,224
Non-current borrowings, secured	2,836,817	2,152,224
Portion of term loans from bank, secured		
– due for repayment within one year, secured	–	460,107
– due for repayment within one year which contain a repayment on demand clause, secured	19,715	19,722
– due for repayment after one year which contain a repayment on demand clause, secured	70,974	71,001
Short-term bank borrowings, secured	431,549	58,390
Current bank borrowings, secured	522,238	609,220
Total borrowings, secured	<u>3,359,055</u>	<u>2,761,444</u>

Bank borrowings are secured by certain properties under development for sale. Borrowings mature from 2015 to 2019, and bear floating interest rate at the PRC's benchmark interest rate times 1.15 to 1.35, HIBOR plus 1.5% to 4.5% per annum or fixed interest rate at 12% per annum.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

13 TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	1,197,654	1,305,160
Accruals and other payables	644,716	589,772
	<u>1,842,370</u>	<u>1,894,932</u>

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

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

14 NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the period to net cash used in operations:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit for the period	285,506	140,459
Income tax expense	203,297	94,638
Depreciation on property, plant and equipment	2,492	2,377
Finance income	(9,071)	(4,102)
Finance costs	1,146	1,454
Gains on disposal of property, plant and equipment	(330)	(278)
Share of loss of a joint venture	1,448	4,101
Impairment of goodwill	9,756	—
Realisation of unrealised gain for the transaction with a joint venture	(540)	—
Exchange differences	(8,823)	(5,243)
	<u>484,881</u>	<u>233,406</u>
Operating profit before working capital change	484,881	233,406
Completed properties held for sale	165,216	(373,988)
Properties under development for sale	(1,612,259)	(1,268,787)
Trade and other receivables and prepayments	482,726	1,122,413
Receipts in advance	326,095	(184,509)
Trade and other payables	(76,921)	(379,274)
	<u>(230,262)</u>	<u>(850,739)</u>
Net cash used in operations	(230,262)	(850,739)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

15 COMMITMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Capital commitments		
Contracted but not provided for:		
Land	–	894,441
Property development expenditures	<u>2,187,194</u>	<u>2,423,589</u>
	<u><u>2,187,194</u></u>	<u><u>3,318,030</u></u>

Operating Lease Commitments

At 30 June 2015, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of office as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
No later than one year	<u>591</u>	<u>1,181</u>

16 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of each of the following reporting periods:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
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 arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and their obligations are well covered by the value of the properties and therefore the total fair value of financial guarantees is immaterial.

16 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES – continued

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 12) as at 30 June 2015. The directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

17 BANKING FACILITIES AND PLEDGE OF 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. Unused facilities as at the same date amounted to RMB40,000,000 (31 December 2014: RMB105,000,000).

18 EARNINGS PER SHARE

The basic earnings per share for the six months 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 (Unaudited)	2014 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	<u>289,069</u>	<u>135,493</u>
Weighted average number of shares in issue (in thousand)	<u>1,600,000</u>	<u>1,535,912</u>
Basic earnings per share (RMB cents)	<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 as disclosed in Note 11.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

19 RELATED PARTY TRANSACTIONS

The amounts due from/(to) related parties, a joint venture and non-controlling interests are unsecured, interest-free, repayable on demand. The fair values approximate their carrying values and are denominated in RMB.

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
Redco Industry (Jiangxi) Co., Limited 力高實業(江西)有限公司	A joint venture
Fujian Qunsheung Group Co. Ltd. 福建群盛集團有限公司	A non-controlling interest of a subsidiary
Chen Huamei 陳懷美	A non-controlling interest of a subsidiary
Top Plan (HK) Limited 泰平(香港)有限公司	A non-controlling interest of a subsidiary
Nanchang Municipal Public Constriction Co., Ltd* 南昌市政公用建設有限公司	A non-controlling interest of a subsidiary
Nanchang Guozi Zhiye Company Limited* 南昌國資置業有限公司	A non-controlling interest of a subsidiary
Jiangxi Lixu Trading Co., Ltd* 江西力旭貿易有限公司	A non-controlling interest of a subsidiary
Zhang Liang* 張亮	A non-controlling interest of a subsidiary
Han Xiao Mei 韓小微	A non-controlling interest of a subsidiary
China CYTSOTEL Real Estate Development (Beijing) Co., Ltd 中青旅置業(北京)有限公司	A non-controlling interest of a subsidiary
Fujian Hui Gao Investments Co., Ltd 福建匯高投資有限公司	A company controlled by Mr. Huang
Hefei Redco Asset Operation Management Co., Ltd. 合肥力高資產經營管理有限公司	A company controlled by Mr. Huang
Quanzhou Sunshine Paris Commercial Club Company Ltd. 泉州陽光巴黎商務會所有限公司	A Company controlled by Mr. Huang
Wong Yeuk Hung 黃若虹	A major shareholder of the Group
Huang Ruoqing 黃若青	A major shareholder and director of the Group

* for identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

19 RELATED PARTY TRANSACTIONS – continued

(a) Balances with related parties

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	Nature
Amounts due to related parties			
– Hefei Redco Asset Operation Management Co., Ltd.	–	5,000	Non-trade
	<u>–</u>	<u>5,000</u>	
			Nature
Amounts due from non-controlling interests			
– Top Plan (HK) Limited	168,615	168,615	Non-trade
– Cheng Ming-Karn	–	200	Cash advance
– Han Xiao Mei	–	9	Non-trade
	<u>168,615</u>	<u>168,824</u>	
Amounts due to non-controlling interests			
– Nanchang Municipal Public Construction Co., Ltd	727,024	515,376	Non-trade
– Top Plan (HK) Limited	88,576	88,551	Non-trade
– Chen Huaimei	32,000	32,000	Shareholders loan
– Nanchang Guozi Zhiye Company Limited	183,131	113,531	Non-trade
	<u>1,030,731</u>	<u>749,458</u>	
Amount due from a joint venture			
– Redco Industry (Jiangxi) Co., Limited	30,603	35,876	Non-trade
	<u>30,603</u>	<u>35,876</u>	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

19 RELATED PARTY TRANSACTIONS – continued

(b) Key management compensation

Key management includes directors and top management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Salaries, bonus and other benefits	3,013	1,582
Pension costs - defined contribution plan	121	58
	<u>3,134</u>	<u>1,640</u>

Save as disclosed above and the transactions and balances detailed in the above to the condensed consolidated financial information, the Group had no material transactions and outstanding balances with related parties during the six months ended 30 June 2015 and 2014.

20 DIVIDEND

The board of directors 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.

21 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