2014 ANNUAL REPORT

力高地产
REDCO REAL ESTATE

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

Stock Code : 1622

CONTENTS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2014 RMB'000	2013 RMB'000	Change (%)
Revenue	3,502,804	2,984,586	17.4%
Gross profit	946,257	966,127	(2.0%)
Profit before income tax	703,540	829,335	(15.2%)
Profit for the year	377,696	400,890	(5.8%)
Attributable to: Equity holders of the Company	347,203	400,179	(13.2%)
Total assets	9,570,862	8,001,586	19.6%
Cash and cash equivalents	951,480	827,804	14.9%
Total bank and other borrowings	2,761,444	1,453,568	90.0%
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	22.14	33.35	(33.6%)

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive directors

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

COMPANY SECRETARY

Mr. CHAN Hing Chau

AUTHORISED REPRESENTATIVES

Mr. HUANG Ruoqing
Mr. CHAN Hing Chau

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

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

COMPLIANCE ADVISOR

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

28th Floor, Block B, The Rongchao Tower
No. 6003 Yitian Road
CBD, Shenzhen
People's Republic of China

PRINCIPLE PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

INVESTOR RELATIONS

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

STOCK CODE

1622

WEBSITE

www.redco.cn

Dear Shareholders,

2014 was a year of stable growth amid adverse market conditions for Redco Properties Group Limited (the "Company") and its subsidiaires (the "Group"). During the year ended 31 December 2014, under the circumstances of an overall downturn in the PRC real estate market and a general decline in the operating results of domestic property developers, the Group achieved the following by implementing positive marketing strategies while adhering to the principle of stable operations on its effective execution capabilities and resilience: a revenue of RMB3,502.8 million for the year, representing an increase of 17.4% over 2013; an increase in contracted sales from RMB3,107.7 million in 2013 to RMB3,194.6 million; a profit of RMB347.2 million attributable to the shareholders of the Company (the "Shareholders"). And the average return on equity was 20.5%.

The board of Directors recommended the payment of a final dividend of RMB0.04 per Share, approximately RMB64 million in aggregate for the year ended 31 December 2014.

BUSINESS REVIEW

Market and Sales Performance

In 2014, under the guidance of the policy of "adjusting the industrial structure and changing the growth mode", the macroeconomy of China saw a slowdown in its development speed. The government reduced the annual GDP growth target to 7.5%. Affected by this, the growth rate of investment in real estate declined significantly as compared to 19.8% in 2013. According to the statistics released by the National Bureau of Statistics, total investment in real estate development in China was RMB9.5 trillion in 2014, representing an increase of only 10.5% over the previous year. With a decrease in business activities in various industries in China and an increase in new construction areas and market supply, the real estate market in China showed a situation of a general rise in both price and quantity in first tier cities, increased prices but constant quantity in second tier cities and decreased sales in third and fourth tier cities. The market as a whole was differentiated. In light of this, in the new round of development layout for cities in China, the Group made the best use of the situation to establish the expansion strategy of “primarily penetrating first tier cities while further expanding in selected second tier cities” and placed the development focus on regions with enormous potential for economic growth and a strong demand and has always been targeting customers who are first-time home buyers or customers aiming to improve living conditions. The Group exerted itself to improve the living environment of home buyers with a rigid demand and better met the market demand, achieving the sustained growth of revenue.

In 2014, the Group achieved contracted sales of RMB3,194.6 million, representing an increase of 2.8% over the previous year. The new construction areas were 854,700 sq.m., representing an increase of 47% over the previous year, which are located in cities such as Nanchang, Hefei, Shenzhen, Yantai and Tianjin; the GFA completed and delivered during the year was 522,323 sq.m., representing an increase of 8.0% over the previous year.

Financial Management

In 2014, the Group continued to maintain a prudent and sound financial position and strictly controlled the gearing level and interest rates while ensuring sufficient cash flows for supporting rapid development. As of 31 December 2014, the Group’s net debt to equity ratio increased to 71.2% from 42.9% for the previous year but still maintained a healthy level among peers. The average lending rate of the Group was controlled at a relatively low level of 9.2% during the year ended 31 December 2014. In addition, while the contracted sales continued to increase, the Group also paid much attention to the collection of sales cash. The timely collection of sales cash provided stable and adequate capital support for the rapid development of the Group.

Land bank

The Group has always been insisting on acquiring quality land at competitive costs. In 2014, the Group’s average land acquisition cost per sq.m. delivered was RMB1,004, accounting for 15% of the average selling price.

As of 31 December 2014, the Group’s total land bank amounted to 4,035,325 sq.m., which is sufficient for development in next three to five years. We acquire land mainly through three ways: 1. incorporating cultural concepts to develop properties that meet the needs of local communities; 2. early involving in the development and construction of regions encouraged by the government to further acquire quality land; 3. acquiring further land at lower costs in the same geographical area by leveraging our successful experience in developing land mark projects in the past.

In 2014, apart from continuing to expand the market share in Shenzhen, the Greater Western Taiwan Strait Economic Zone, the Bohai Rim Economic Zone and key economic cities in the Central Regions, the Group also strategically entered Guangzhou, another first-tier city in the Pearl River Delta Region, to further expand its operations into the Pearl River Delta Economic Circle with a greater potential for economic development. There were 3 newly added projects of the Group during the year, which were located in Nanchang and Hefei and had a total planned GFA of approximately 636,645 sq.m.

Meanwhile, the Group proceeded with rapid expansion in key cities by virtue of the standardized development model. We have categorised the property development projects into three major products, namely Central City Series, City Complex Series and Ecological City Series, through product and design standardization and successfully carried out offsite replication.

Brand building

The Group has continuously increased the value of the "Redco" brand. We had been recognized as one of "China Top 100 Real Estate Developers" for four consecutive years since 2010. In 2013, we were recognized as one of "2013 Top 10 Brands of South China Real Estate Companies". In addition, our real estate projects also continued to obtain various awards granted by different institutions.

We have always upheld the concept of signature architecture and excellence in high efficiency (精端著造、高效卓越) and continued to increase our profitability by enhancing our brand image.

Future Development

Since the successful listing of the Shares of the Company ("Shares") on the main board of The Hong Kong Stock Exchange Limited ("Stock Exchange") on 30 January 2014, the Company had not only successfully issued five-year US dollar-denominated bonds but also obtained the joint support of bank consortia. Its good credit was widely recognized by the capital market. The construction of the capital platform has laid a solid foundation for the sustainable development of the Group in the future.

Looking ahead to 2015, the Group will continue to follow the multi-regional business model, focus on tier-1 and tier-2 cities, follow a diversified land acquisition strategy to expand the product mix, enhance the image of the "Redco" brand, grasp development opportunities in a timely manner and steadily increase profitability so as to continue to generate considerable returns for shareholders and investors.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank all staff for their hard work and contributions during the past year and express my most sincere gratitude to investors, customers and partners of the Group and the community.

Huang Ruoqing
President

Hong Kong, the PRC
19 March 2015

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising three executive Directors and four independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. The biographical details of the Directors are as follows:-

Executive Directors

Mr. HUANG Ruoqing (黃若青), aged 46, is our executive Director and the president. Mr. Huang has been a Director since 14 July 2008 and was re-designated as our executive Director on 14 January 2014. Mr. Huang is responsible for the day-to-day management and operation of the Group, supervising the land acquisitions and overseeing project planning and execution of the group. Mr. Huang is currently a director of Times International Development Company Limited and many of our subsidiaries. Mr. Huang has over 23 years of experience in the real estate industry in the PRC. Prior to joining the group, he worked as an architecture designer, assistant architect and project manager successively in Quanzhou Construction Design Institute (泉州市建 築設計院), an institution primarily engaged in industrial building design, engineering geological exploration, surveying, construction and decoration, construction engineering consulting and construction plan review from August 1990 until he joined us in May 1994. Mr. Huang received a bachelor's degree in architecture from Huaqiao University (華僑大學) in the PRC in July 1990.

Mr. TANG Chengyong (唐承勇), aged 51, is an executive Director and our vice president. Mr. Tang has been a Director since 18 October 2013 and was re-designated as an executive Director on 14 January 2014. He is primarily responsible for project planning of the group as well as operation of our subsidiaries in Shandong. Mr. Tang has over 20 years of experience in the real estate industry in the PRC. Mr. Tang joined the group as the general manager of Yantai Redco Development Co., Ltd. in August 2001, where he was responsible for the daily operation of this company. Mr. Tang was also successively appointed as the general manager of Jiangxi Man Wo Property Development Co., Ltd., Jiangxi Redco Property Development Co., Ltd., Redco Development (Jiangxi) Co., Ltd., Shandong Redco Real Estate Development Co., Ltd. and vice president of Redco (China) Real Estate Co., Ltd. from May 2006 to February 2012, where he was responsible for daily operation of these companies and overseeing various projects. He is also currently a director of many our subsidiaries. Prior to joining the group, Mr. Tang was employed by Jiangsu Province Supply and Marketing Cooperative Real Estate Development Company (江蘇省供銷社房地產開發公司), a company primarily engaged in property development from March 1993 to August 2001 and his last position was deputy general manager and deputy director of department of economic development. Mr. Tang received a bachelor's degree in engineering from Shenyang Institute of Architectural Engineering (瀋陽建築工程學院) in the PRC in July 1986.

Mr. HONG Duxuan (洪篤煊), aged 45, is an executive Director and our vice president. Mr. Hong has been a Director since 18 October 2013 and was re-designated as an executive Director on 14 January 2014. He is primarily responsible for the legal affairs, information technology, project investment and development of the group as well as operation of Redco Tianjin Real Estate Co., Ltd.. Mr. Hong has over 17 years of experience in handling legal affairs. Mr. Hong joined the group as the director of the legal department of Redco (China) Real Estate Co., Ltd. in April 2003, where he was responsible for the legal affairs of this company. In January 2006, he was appointed as the general manager of Jiangxi Man Wo Property Development Co., Ltd. and Redco Development (Jiangxi) Co., Ltd., where he was responsible for the property development of the group in Jiangxi and since then he has been involved in the development of various projects including Crown International, Spain Standard and Sunshine Coast. He was also appointed as the vice president of Redco (China) Real Estate Co., Ltd. in January 2013, where he has been responsible for the investment of the group. Prior to joining the group, he worked as a partner in Fujian Co-effort Law Firm (福建協力律師事務所) from March 1996 to April 2003. Mr. Hong received a bachelor's degree in law from the China University of Political Science and Law (中國政法大學) in the PRC in June 1993.

Independent non-executive Directors

Dr. WONG Yau Kar, David BBS, JP (黃友嘉博士), aged 57, has been an independent non-executive Director since 14 January 2014. Dr. Wong received a doctorate degree in Economics from the University of Chicago in 1987. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong is active in public service. He is a Hong Kong deputy of the 12th National People's Congress of the People's Republic of China (第十二屆全國人民代表大會). He is also Chairman of the Land and Development Advisory Committee, Mandatory Provident Fund Schemes Authority and Protection of Wages on Insolvency Fund Board. Dr. Wong was appointed a Justice of Peace (JP) in 2010 and was awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society.

Dr. Wong is currently an independent non-executive director of China Juhao Health Industry Corporation Limited (Stock code: 419), Concord New Energy Group Limited (Stock code: 182), ReOrient Group Limited (Stock code: 376), Shenzhen Investment Limited (Stock code: 604) and Sinopec Kantons Holdings Limited (Stock code: 934). The shares of which are listed on the Main Board of the Stock Exchange. Dr. Wong was a non-executive director of CIAM Group Limited (Stock Code: 378) during the period from July 2009 to 8 March 2015.

Mr. CHAU On Ta Yuen (周安達源), aged 67, has been an independent non-executive Director since 14 January 2014. Mr. Chau received a bachelor's degree in Chinese language and literature from Xiamen University (廈門大學) in August 1968 in the PRC. Mr. Chau is currently a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, deputy officer of the Social and Legal Affairs Committee of the Chinese People's Political Consultative Conference (全國政協社會和法制委員會) and the vice chairman of the Ninth board of directors of the Hong Kong Federation of Fujian Association Ltd. Mr. Chau was also awarded the Bronze Bauhinia Star by the government of Hong Kong Special Administrative Region in July 2010.

Mr. Chau is currently an executive director of China Ocean Shipbuilding Industry Group Limited (Stock code: 651) and ELL Enviornmental Holdings Limited (Stock code: 1395), and independent non-executive director of Good Fellow Resources Holdings Limited (Stock code: 109), Come Sure Group (Holdings) Limited (Stock code: 794) and Leyou Technologies Holdings Limited (Stock code: 1089). The shares of which are listed on the Main Board of the Stock Exchange.

Mr. YIP Tai Him (葉棣謙), aged 44, has been an independent non-executive Director since 14 January 2014. Mr. Yip received a bachelor of arts (hons) degree in accountancy from the City Polytechnic of Hong Kong, now known as the City University of Hong Kong in September 1993 in Hong Kong. He has been a practising accountant in Hong Kong since 1999. Mr. Yip was admitted as a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales in September 1996 and January 2006, respectively. He has approximately 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Yip is currently and independent non-executive independent director of Larry Jewelry International Company Limited (stock code: 8351), China Communication Telecom Service Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), China Media and Films Holdings Limited (stock code: 8172), GCL-Poly Energy Holdings Limited (stock code: 3800), and iOne Holdings Limited (stock code: 982). The shares of which are listed on the Main Board/GEM board of the Stock Exchange. Mr. Yip was an independent non-executive director of Wing Lee Holdings Limited (Stock Code: 876) during the period from February 2001 to 19 June 2014.

Mr. CHOW Kwong Fai, Edward JP (周光暉), aged 62, has been an independent non-executive Director since 14 January 2014. Mr. Chow received a bachelor's degree in business studies from Middlesex University (formerly known as Middlesex Polytechnic) in the United Kingdom in 1975. Mr. Chow is a fellow and council member of The Institute of Chartered Accountants in England and Wales and a past president of the Hong Kong Institute of Certified Public Accountants (HKICPA). Before elected president, he chaired the HKICPA's Corporate Governance Committee and Professional Accountants in Business (PAIB) Committee. He was a Deputy Chairman of The Hong Kong Institute of Directors from 2001 to 2008 and the Chairman of the PAIB Committee of the International Federation of Accountants (IFAC) from 2006 to 2008. Mr. Chow is currently a core member of the OECD/World Bank Asian Corporate Governance Roundtable, the Chairman of China Infrastructure Group, a non-executive director of the Urban Renewal Authority, a Deputy Chairman of the Business and Professionals Federation of Hong Kong, a member of the Eleventh Zhejiang Province Committee of the Chinese People's Political Consultative Conference, a member of the Election Committee of the Hong Kong Special Administrative Region and an expert advisor of the Accounting Standards Committee of the Ministry of Finance, the People's Republic of China.

Prior to entering the commercial sector, Mr. Chow spent 11 years working for two major accounting firms, Deloitte Haskins & Sells and Price Waterhouse (as they were then known), respecitvely in London and Hong Kong. Mr. Chow was appointed as a Justice of Peace by the Chief Executive of the Hong Kong Special Adminstrative Region in July 2008. Mr. Chow was also an awardee of the Directors of the Year Award 2010 in the non-executive director of listed companies (SEHK — Hang Seng Index Constituents) category, awarded by the Hong Kong Institute of Directors.

Save as disclosed above, none of the Directors has been involved in any of the events described under Rule 13.51(2) (h) to (v) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2014.

SENIOR MANAGEMENT

Mr. XU Xiaojie (徐曉傑), aged 50, is our vice president. Mr. Xu is responsible for the capital investment and financing activities of the Group. Mr. Xu has over 21 years of experience in capital investment and financing and project management. He joined the Group as a vice president of Redco (China) Real Estate Co., Ltd. in April 2013 and since then he has been responsible for the capital investment and financing activities of the Group. Prior to joining the Group, he served as the deputy general manager of Excellence Real Estate Group Limited (卓越置業集團有限公司), a company primarily engaged in property development, investment and management from March 2006 to April 2013, during which he was responsible for capital investment and corporate financing activities. From November 1990 to June 2002, Mr. Xu was the chairman and the general manager of Hainan Dian Hai Industry Development Co., Ltd. (海南滇海實業發展有限公司), a company engaged in, among others, sales of mineral products, chemical products and building materials and he was responsible for daily operation of this company. Mr. Xu received a bachelor's degree in English from the University of International Relations of Beijing (國際關係學院) in the PRC in July 1987. He also studied in the Graduate School in Renmin University of China (中國人民大學) in the PRC, majoring in currency and banking.

Mr. Li Dekun (李德坤), aged 38, is the Assistant President of the Group, in charge of engineering, operations, design, quality, property, information, etc., and served as general manager of the Group's Construction Operations Department. Mr. Lee has over 13 years of experience in the construction and operation management and corporate real estate projects. Mr. Lee joined the Group in October 2013 as Assistant President. Prior to joining the Group, Mr. Lee during June 2011 to July 2013 as a listed company on the Stock Exchange Kaisa Group Holdings Limited (stock code: 1638), deputy general manager of group strategy Operations Center, Deputy General Manager of Foshan, responsible for the strategic expansion of the headquarters and operations management, Foshan area real estate project development. During 2004 to 2011, Mr. Lee served in both the Stock Exchange listed companies in the real estate ("China Overseas Development", stock code: 688), R & F Properties (stock code: 2777), is responsible for engineering and operations management. Lee graduated from Department of Civil Engineering, Tsinghua University, bachelor's degree in 1999 and exemption into the Civil Engineering Department of the University of Hong Kong to pursue postgraduate studies in the master's degree in engineering in 2001. Mr. Lee also holds Registered Structure Engineer in China and Registered Geotechnical Engineer Practicing Certificate.

Ms. LIANG Wanchan (梁婉嬋), aged 37, is our general manager of the finance department. Ms. Liang is responsible for the corporate finance and accounting of the Group. She has over 14 years of experience in corporate finance and internal auditing. Ms. Liang joined the Group as the chief financial officer of Redco (China) Real Estate Co., Ltd. in November 2010 and she has been responsible for the corporate finance and accounting of the group. Prior to joining the Group, she had served as assistant director of finance and investment management department of Hopson Development Holdings Limited (合生創展集團有限公司), a company listed on the Stock Exchange (stock code: 754), from September 2002 to October 2010, during which she was responsible for financial management of the group. Ms. Liang received a bachelor s degree in economics from the Renmin University of China in the PRC in July 2000.

Mr. YANG Honghai (楊洪海), aged 38, is our general manager of the design department. Mr. Yang is responsible for the design management of the Group. He has over 14 years of experience in design work and design management. Mr. Yang joined the Group as a deputy general manager of design management department of Redco (China) Real Estate Co., Ltd. in January 2012 and was promoted to the general manager in July 2012 and he has been responsible for the daily operation of our design management department since then. Prior to joining the Group, he had previously served as a deputy manager of design engineering department of Taihua Real Estate (China) Co., Ltd. (泰華房地產(中國)有限公司), a company primarily engaged in property development from November 2009 to January 2012, and he was responsible for daily management of the department of design and construction. From February 2004 to October 2009, he was a project manager in Shenzhen Chenshimin Architects Co., Ltd. (深圳市陳世民建築事務所有限公司), a company primarily engaged in the urban design business, where he was responsible for the primary and overall planning as well as programme design. Mr. Yang received a diploma in industrial and civil engineering from the East China Jiaotong University (華東交通大學) in the PRC in July 1998.

Mr. LIANG Wei (梁崴), aged 38, is our general manager of the cost control department. Mr. Liang is responsible for the cost control of the Group. He has over 10 years of experience in accounting settlement and over six years of experience in cost management. Mr. Liang joined the Group as a deputy general manager of the cost control department of Redco (China) Real Estate Co., Ltd. in October 2011 and was promoted to the general manager in July 2012, where he has been responsible for cost control of the Group. Prior to joining the Group, Mr. Liang had served as a director of cost management department of Shanghai Xinwan Investment Development Co., Ltd. (上海新灣投資發展 有限公司), a subsidiary of Kaisa Group Holdings Limited (佳兆業集團), a company listed on the Stock Exchange (stock code: 1638), from February 2008 to August 2011, during which he was responsible for cost control, tender and budget management. Mr. Liang received a diploma in engineering from the Yangtze University (長江大學) in the PRC in June 2005.

Company Secretary

CHAN Hing Chau (陳慶疇), aged 35, has been our company secretary since 28 October 2013. Mr. Chan joined the group as the general manger of finance department of Redco Holdings (Hong Kong) Co. Limited in March 2013. Prior to joining the Group, Mr. Chan was with PricewaterhouseCoopers from December 2004 to March 2013, during which he was promoted to a manager of assurance department. Mr. Chan obtained his bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University in November 2004 in Hong Kong. He was also qualified as a member of Hong Kong Institute of Certified Public Accountants in July 2008.

BUSINESS OVERVIEW

The Group is an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the Pearl River Delta Region, the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Shenzhen, Guangzhou, Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang. For 2013 and 2014, our revenue was RMB2,984.6 million and RMB3,502.8 million respectively. And our profit for the year ended 31 December 2013 and 2014, attributable to equity holders of the Company was RMB400.2 million and RMB347.2 million, respectively.

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

We have established diversified land acquisition strategies that complement each other, including acquisitions from third parties, auctions and listings-for-sale. We have also adopted other land acquisition strategies which include: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our past experience in developing quality property projects to acquire further land in the same geographical area. We have engaged in property development projects whereby either we or the original land use rights owner(s) are responsible for resettlement operations including compensation and resettlement of affected residents, demolition of existing structures and clearing of land of the relevant areas.

OUR PROPERTY DEVELOPMENT PROJECTS

As at 31 December 2014, our property portfolio comprised 18 property development projects with an aggregate gross floor area ("GFA") of 4,035,325.6 square metres ("sq.m.") under various stages of development in various cities in the PRC. The following table sets forth a summary of our property development projects as at 31 December 2014:

Project	Site area[1] (sq.m.)	Total GFA[2] (sq.m.)	Total GFA under various stage 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	57,986.8
Spain Standard 力高國際城	466,665.3	908,932.6	228,831.9
Riverside International 濱江國際	37,345.7	204,600.6	45,920.6
Bluelake County 瀾湖郡	135,285.0	286,794.7	286,794.7
Riverlake International 濱湖國際	68,373.0	205,846.3	205,846.3
Imperial Mansion[4] 君御華府	41,994.5	109,826.6	109,826.6
Imperial Metropolis[5] 君御都會	84,093.3	227,119.0	227,119.0
TIANJIN			
Sunshine Coast 陽光海岸	481,394.0	1,475,226.0	1,468,620.9
Land Lot Nos. A1 and A2	69,336.2	55,469.0	55,469.0
JINAN			
Redco International 力高國際	54,162.0	226,076.9	70,991.4
Splendid the Legend 盛世名門	51,675.2	205,813.6	12,013.6
Scenery Holiday 假日麗景	34,934.9	87,545.2	2,063.5
YANTAI			
Sunshine Coast - Phase I 陽光海岸	51,693.7	186,470.8	186,470.8

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

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

2. "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.

4. In the first half of 2014, the Group entered into a land grant contract relating to a new project in Nanchang through the public auction. The total GFA remaining unsold included the area for residential properties, commercial properties, car parks, civil air defense car park and ancillary. The total consideration for such acquisition is RMB340.1 million.

5. On 11 November 2014, the Group acquired 51% equity interest of Imperial Metropolis by a cooperation agreement. The project is located at Lianhua Road in Nanchang with a total site area of 126.14 mu (approximately 84,093.3 sq.m.) with a plot ratio ranging from 2.0 to 2.2 and a gross floor area of approximately 227,119 sq.m.. Such parcel of the land is planned for commercial and residential use. The development of the project shall consist of low-rise, high-rise and semi-detached houses, street level retail spaces and ancillary facilities.

6. On 21 August 2014, the Group succeeded in bidding, through the public auction, the land use rights of a parcel of land in Hefei City, Anhui Province, PRC at a consideration of RMB 681.3 million. The site area of the Land is approximately 132.04 mu (approximately 88,025.5 sq.m.) and its plot ratio shall not exceed 2.8. The total gross floor area of such parcel of the land is approximately 299,699.5 sq.m. Such parcel of the land is planned for developing residential properties.

Recent Development

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

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

FINANCIAL REVIEW

Results of Operations

Revenue

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

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

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

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone decreased by 9.5% to RMB1,578.2 million for 2014 from RMB1,744.1 million for 2013. The decrease was primarily attributable to the decrease in GFA delivered for Riverside International in Nanchang, a property development project for which we began to recognise revenue from sales in 2013.
- Central and Western Regions: Our segment revenue for the Central and Western Regions increased by 232.5% to RMB715.9 million for 2014 from RMB215.3 million for 2013. The increase was primarily due to an increase in the GFA delivered for Mix Kingdom Redco in Hefei and the GFA delivered for Royal City-Phase I in Xianyang, a property development project for which we began to recognise revenue from sales in 2014.
- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim increased by 17.9% to RMB1,208.7 million for 2014 from RMB1,025.2 million for 2013. The increase was attributable to the increase in GFA delivered for Redco International in Jinan, a property development project for which we began to recognise revenue from sales in 2014, partially offset by the significant decrease in GFA delivered for Splendid the Legend in Jinan.
- Pearl River Delta Region: It mainly represents the new projects in Shenzhen and Guangzhou. There was no revenue for the years ended 31 December 2013 and 2014.
- Others: It mainly represents our headquarters at Shenzhen. There was no revenue for the years ended 31 December 2013 and 2014.

Cost of sales

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

Gross profit

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

Other (losses)/gains, net

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

Selling and marketing expenses

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

General and administrative expenses

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

Impairment of goodwill

Impairment of goodwill decreased by 3.5% to RMB24.7 million for 2014 from RMB25.6 million for 2013. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua Real Estate Co., Ltd., which holds Mix Kingdom Redco in Hefei.

Operating profit

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

Finance income

Finance income increased by 115.0% to RMB17.2 million for 2014 from RMB8.0 million for 2013. This increase was primarily attributable to an increase in interest income from bank deposits due to an increase in bank deposits.

Finance costs

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

Share of loss of a joint venture

Share of loss of a joint venture increased by 307.7% to RMB5.3 million for 2014 from RMB1.3 million for 2013. The increase was primarily due to the increase in share of loss related to Redco Industry (Jiangxi) Co., Ltd., which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as a result of the increase in the operation cost of the hotel.

Profit before income tax

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

Income tax expense

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

Profit for the year

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

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

As a result of the above, profit for the year attributable to equity holders of the Company decreased by 13.2% to RMB347.2 million for 2014 from RMB400.2 million for 2013. Profit attributable to non-controlling interests increased by 4257.1% to RMB30.5 million for 2014 from RMB0.7 million for 2013 as we shared the profit for 2014 from the GFA delivered for Mix Kingdom Redco in which we hold a 80% equity interest, whereas for 2013, most of our profit are come from those projects in which we have 100% equity interest.

Liquidity and Capital Resources

Cash position

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

Borrowings

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

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

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

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

As at 31 December 2014, the Group is exposed to foreign exchange risk primarily with respect to certain of its bank borrowings and senior notes which were denominated in HK$ and US$. RMB experienced certain fluctuation against HK$ and US$ during the year 2014 which is the major reason for the exchange differences recognised by the Group. The Group does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

As at 31 December 2014, the Group's net gearing ratio was 42% (2013: 30%). The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalent and restricted cash). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.

Cost of borrowings

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

Contingent Liabilities

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

	31 December	
	2014 RMB'000	2013 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	2,801,078	1,566,684

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

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

There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 31 December 2014. The Directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of approximately 653 employees (2013: 452 employees). The remuneration of the employees (including directors' emoluments) amounted to approximately RMB64.1 million for the year ended 31 December 2014 (2013: 31.9 million). Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for its Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. Further, the Group adopted the share option scheme on 14 January 2014. Further information of such share option scheme will be available in the annual report of the Company for the year ended 31 December 2014 (the "2014 Annual Report"). The Company provided on-the-job training, induction courses together with other training programmes for the employees at different positions to raise their professionalism during the year ended 31 December 2014.

CHARGE OVER ASSETS

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

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

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2014, the Group had acquired two parcels of land in Nanchang and one parcel of land in Hefei. Please refer to page 14 of this report for further details.

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

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF THE SUBSIDIARIES AND ASSOCIATED CORPORATIONS

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

OUTLOOK

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

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

- Continue to follow our diversified land acquisition strategies. We intend to continue prioritising our financial resources towards what we believe to be the most profitable opportunities by selectively targeting land that we believe has appreciation potential and acquiring such land at competitive costs. As part of our expansion, we may also make strategic investment and acquisitions that complement our operations.

- Continue to focus primarily on residential property development while achieving an optimal and diversified portfolio by developing a higher proportion of commercial property development projects. We believe that the diversification of our product mix will enhance our ability to expand and will enable us to effectively respond to any macro-economic policy affecting the PRC residential property sector.

- Further strengthen our "Redco" brand. We intend to:

    — solidify such reputation in the cities where we have established our presence by providing quality products for our customers;

    — remain focused on creative architectural planning and innovative product designs to provide superior value for our customers;

    — engage in more projects that entail building landmark properties at prime locations;

    — organise promotional events such as online crowd funding to draw the attention of target customers; and

    — diversify our property management services by introducing e-commerce to the communities to meet the needs of our subscribers.

- Continue to maintain fast turnover of our developments. We intend to enhance the standardization of our products, reinforce the quality control of our products and streamline the management of our operations.

- Continue to enhance the policy of human resources. We intend to improve our incentive mechanism and recruit, retain and motivate a talented workforce. We believe that our employees are our invaluable assets. In order to support our growth and expansion, we aim to attract and recruit employees with a wide range of expertise including real estate development, project planning, design, finance and marketing and sales.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Company's initial public offering (after deducting the underwriting fees and related expenses) amounted to approximately HK$930.0 million and were fully utilised in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 21 January 2014. During the year ended 31 December 2014, approximately RMB682 million (equivalent to approximately HK$859 million) had been used to pay the land premium in respect of the land use rights of the new land of the relevant property development projects of the Group and the remaining amount had been used for our working capital and other general corporate purposes.

The Board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report for the period from 30 January 2014 (the "Listing Date") to 31 December 2014 (the "Review Period") in the Company's annual report for the year ended 31 December 2014.

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of its Shareholders.

(A) CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as its own code to govern its corporate governance practices. The Company has been conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules throughout the period from the Listing Date to the date hereof.

Throughout the period from the Listing Date and up to the date of this report, the Company has complied with the code provisions of the CG Code with the exception of Code Provision A.2.1 as set out in the paragraph headed "Chairman and Chief Executive" below.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to a specific enquiry made by the Company, all Directors confirmed that they have complied with the Model Code since the Listing Date and up to the date hereof.

(C) DIRECTORS

Board Composition

The Board currently consists of 7 Directors, comprising three executive Directors and four independent non-executive Directors. As at the date hereof, the composition of the Board is set out as follows:

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

The biographical information of the Directors and the relationships between the members of the Board are set out and disclosed in the section headed "Directors and Senior Management" of this annual report.

Roles and Responsibilities

The Board is responsible for determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Directors must dedicate sufficient time and attention to the Group's affairs. Besides, the Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Attendance Records of the Directors

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

Notices of Board meetings were given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda of the meetings.

Draft and final versions of the minutes of the Board and the committees' meetings were sent to the Directors and the committees' members for their comment and records respectively in a timely manner.

The individual attendance record of each director at the meetings of the Board, the Nomination Committee, Remuneration Committee, Audit Committee and the general meeting of the Company held during the Review Period is set out below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	2014 annual general meeting
Number of Meetings	4	2	1	1	1
Executive Directors					
Mr. HUANG Ruoqing	4/4	N/A	1/1	1/1	1/1
Mr. TANG Chengyong	4/4	N/A	N/A	N/A	1/1
Mr. HONG Duxuan	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Director					
Dr. WONG Yau Kar, David BBS, JP	4/4	2/2	1/1	N/A	1/1
Mr. CHAU On Ta Yuen	4/4	2/2	1/1	1/1	1/1
Mr. YIP Tai Him	4/4	2/2	N/A	1/1	1/1
Mr. CHOW Kwong Fai, Edward JP	4/4	2/2	N/A	N/A	1/1

Apart from the regular Board meeting, Mr. Huang Ruoqing, the president of the Company, also held one meeting with the independent non-executive Directors without other executive Directors present during the year ended 31 December 2014.

Independence of the independent non-executive Directors

Since the Listing Date and up to the date hereof, in compliance with the requirement of Rule 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors in the Board, representing more than half of the Board, with two of them possessing appropriate professional qualifications or accounting or related financial management expertise. Based on the foregoing, the Board considers that the balance between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of Shareholders and the Group as a whole.

The Company has received from each of the independent non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors independent. The Board believes that there is a strong independent element in the Board to safeguard the interest of Shareholders.

All Directors, including independent non-executive Directors, are clearly identified in all corporate communications of the Company. A list of Directors is available on the websites of the Company and the Stock Exchange and will be updated, where necessary.

Induction and Development

Directors must keep abreast of their collective responsibilities. All Directors received an induction package covering the regulatory obligations of a director of a listed company. The Company also plans to provide briefings and other training to develop and refresh the Directors' knowledge and skills. The Company shall provide (a) the Directors the update on the material changes to the Listing Rules and other applicable regulatory requirements; and (b) the employees of the Group abreast of updates in the anti-bribery laws and regulations. The Directors shall participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Circulars and guidance notes may be issued to Directors and senior management of the Company where appropriate, to ensure awareness of best corporate governance practices.

The Company has put in place an on-going training and professional development programme for Directors. During the year ended 31 December 2014, all Directors of the Company namely, Mr. Huang Ruoqing, Mr. Tang Chengyong, Mr. Hong Duxuan, Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen, Mr. Yip Tai Him and Mr. Chow Kwong Fai, Edward, JP received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. All directors are requested to provide the Company with their respective training records pursuant to the CG Code.

(D) CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, there is no Chairman in the Company. Mr. Huang Ruoqing has acted as President and is responsible for the day-to-day management and operations of the Group. The Board does not have the intention to fill the position of chairman at present and believes that the absence of a Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of Chairman.

(E) ELECTION OF DIRECTORS

Each of the independent non-executive Directors entered into a letter of appointment with the Company for a term of three years with effect from the Listing Date. Whereas, each of the executive Directors entered into a service contract with the Company under which they agreed to act as executive Directors for an initial term of three years commencing from January 2014.

Code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Three Directors will retire in the coming annual general meeting, and being qualified, have offered to be re-elected at the annual general meeting of the Company.

(F) BOARD COMMITTEES

The Board is responsible for performing the corporate governance duties including:

a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b) to review and monitor the training and continuous professional development of Directors and senior management;

c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d) to develop, review and monitor the code of conduct applicable to Directors, senior management and employees of the Company; and

e) to review the Company's compliance with the CG Code and disclosure in this report.

During the year ended 31 December 2014, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in 2013 corporate governance report of the Company.

In compliance with the CG Code, the Company established three committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). Those committees perform their distinct roles in accordance with their respective terms of reference which are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company established an Audit Committee on 14 January 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. As at the date hereof, the Audit Committee consists of four independent non-executive Directors, namely Mr. Chow Kwong Fai, Edward, JP (being the chairman of the Audit Committee who has a professional qualification in accountancy), Mr. Yip Tai Him, Dr. Wong Yau Kar, David BBS, JP and Mr. Chau On Ta Yuen. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the year ended 31 December 2014, two meetings of the Audit Committee were held to review annual results and report for the year ended 31 December 2013, interim financial results and report in respect of the period ended 30 June 2014, appointment of external auditors, connected transactions and the internal control of the Group. The external auditors attended the meetings. The attendance records of the Audit Committee are set out under "Attendance Records of Directors".

Remuneration Committee

The Company established a Remuneration Committee on 14 January 2014 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the CG Code. The Remuneration Committee consists of three members, being Mr. Yip Tai Him, Mr. Chau On Ta Yuen and Mr. Huang Ruoqing, two of whom are independent non-executive Directors. The Remuneration Committee is chaired by Mr. Yip Tai Him. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Directors regarding the policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants, if any, pursuant to the Share Option Scheme.

There is one meeting of the Remuneration Committee held during the year ended 31 December 2014 to review and make recommendations to the Board on the existing remuneration packages of all Directors and senior management. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors".

Nomination Committee

The Company established a Nomination Committee on 14 January 2014 with written terms of reference. The Nomination Committee consists of three members, being Mr. Huang Ruoqing, Mr. Wong Yau Kar, David BBS, JP and Mr. Chau On Ta Yuen. Two of the members are the independent non-executive Directors. The Nomination Committee is chaired by Mr. Huang Ruoqing. The primary function of the Nomination Committee is to make recommendations to the Board on the appointment of members of the Board.

There is one meeting of the Nomination Committee held during the year ended 31 December 2014 to assess the independence of independent non-executive Directors and review the proposed re-appointment of Directors at the annual general meeting 2014. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors".

Further, the Board Diversity Policy (the "Policy") was adopted by the Company on 28 January 2014. The purpose of the Policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee shall review the policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

On 28 January 2014, the Board discussed the above measurable objectives, including but not limited to skills, knowledge, professional experience and cultural and educational background, and agreed that these measurable objectives were achieved for the diversity of the Board which contributed to the corporate strategy and the business development of the Company.

(G) AUDITORS' REMUNERATION

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Directors acknowledged their responsibility for preparing the accounts of the Company for the year ended 31 December 2014.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going-concern basis.

A statement by the auditor of the Company in respect of their reporting responsibilities on the financial statements of the Group is set out in the independent auditor' report from pages 44.

The remuneration paid to PricewaterhouseCoopers, the Company's auditor for the year ended 31 December 2014 amounted to HK$2,700,000 and HK$2,650,000 in respect of the audit and non-audit services fees (including issue of Senior Notes 2014, listing service and interim review service), respectively, during the year under review.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

(H) INTERNAL CONTROL

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and the compliance of applicable laws, rules and regulations.

The Board adopted an anti-bribery policy with a specific focus on the Company's principal business, property development, and circulated such policy to the management of its various departments. The policy sets out suggestions and recommendations to handle suspected bribery activities as they arise under different circumstances, such as the standards and attitudes to be observed when dealing with governmental authorities and officials during the public tender, listing-for-sale and auction of land, with a view to preventing the Group or any of its senior management and employees to be implicated in bribery incidents.

During the Review Period, the Board conducted a review of the effectiveness of the internal control system of the Group. The assessment was made by discussion with the management of the Group, its external auditors and its internal control team and the review performed by the Audit Committee.

The Group's internal control team is responsible for regulating and reviewing the internal control and compliance-related matters of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis.

(I) COMPANY SECRETARY

The Company appointed Mr. Chan Hing Chau as its company secretary. Mr. Chan has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training. The biographical details of Mr. Chan are set out on page 12 of this annual report.

Mr. Chan is an employee of the Company. He is also the General Manager of Finance Department of Redco Holdings (Hong Kong) Company Limited which is the wholly-owned subsidiary of the Company.

(J) SHAREHOLDERS' RIGHT

Procedures for Shareholders to convene an extraordinary general meeting

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "Company Secretary"), to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the extraordinary general meeting.
- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at the extraordinary general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for the attention of the Company Secretary.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the special general meeting, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of each Eligible Shareholder will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an extraordinary general meeting within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the extraordinary general meeting after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an extraordinary general meeting and/or include the proposal or the resolution proposed by the Eligible Shareholder at the extraordinary general meeting.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association of the Company (as amended from time to time), and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Enquiries to the Board

Shareholders may put forward their written enquiries to the Board. In this regard, Shareholders may send those enquiries or requests as mentioned to the following:

Address:	Room 2001-2, Enterprise Square 3 39 Wang Chiu Road, Kowloon Bay Kowloon, Hong Kong
Fax:	(852) 2758 8392
Telephone:	(852) 2331 2839

Procedures for putting forward proposals at general meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, Shareholders who wish to propose resolutions may follow Article 64 of the Articles of Association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the section headed "Procedures for Shareholders to convene an extraordinary general meeting" in this report.

(K) INVESTOR RELATIONS

The management of the Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company has adopted a stringent internal control system to ensure true, accurate and complete disclosure of information. The management of the Company has proactively taken and will continue to take the following measures to ensure effective Shareholders' communication and transparency:

- the President of the Company, the respective chairmen of Audit Committee, Remuneration Committee, Nomination Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries;
- regularly update the Company's news and developments of the Company's website;
- arrange on-site visits to the Group's projects for potential investors and research analysts.

Through the above measures, the Company endeavors to communicate with the investment community and provide them with the latest development of the Group and the PRC real estate industry. The Company will disclose information in compliance with the Listing Rules, and publish periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

There was no significant change in the Company's constitutional documents since the Listing Date. Should there be such significant changes in the constitutional documents, the Company shall upload the revised version onto the websites of the Stock Exchange and the Company in due course.

The Board hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the property development business in the People's Republic of China. During the year, there were no significant changes in the nature of the Group's principal activities.

The activities of the subsidiaries of the Company are set out in Note 16a to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 45.

The Directors recommended the payment of a final dividend of RMB0.04 per ordinary share, approximately RMB64 million in aggregate, for the year ended 31 December 2014 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Monday, 6 July 2015. The proposed dividend is subject to the approval of Shareholders at the forthcoming annual general meeting to be held on Friday, 26 June 2015 (the "Annual General Meeting") and, if approved, will be payable on or before Monday,13 July 2015. The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at the date of Annual General Meeting.

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 24 to the consolidated financial statements.

As at 31 December 2014, the Company's reserves available for distribution to its Shareholders in accordance with the Articles of Association of the Company were RMB605.7 million (31 December 2013: RMB551.3 million).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and/or sale are set out on page 113 of this report.

SHARE CAPITAL

Details of the movements in issued share capital of the Company are set out in Note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, stipulating that any new shares shall be offered according to the respective shareholding of the existing shareholders when new shares are issued.

BORROWINGS

Details of the borrowings of the Group are set out in Note 25 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to RMB2.00 million.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 112 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the Group's turnover attributable to the Group's five largest customers was less than 30%. For the year ended 31 December 2014, purchases from the Group's largest and the five largest suppliers accounted for approximately 13.5% (2013: 13.1%) and 38.1% (2013: 36.4%) of total cost of sales of the Group, respectively.

For the year ended 31 December 2014, none of the Directors or any of their close associates or any Shareholders of the Company, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital of the Company) has any interest in the above-mentioned suppliers and customers.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of the Shares during the year ended 31 December 2014. Save for the issue of the Senior Notes 2014, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 December 2014.

SHARE OPTION SCHEME

On 14 January 2014, the Company adopted a share option scheme ("Share Option Scheme") whereby the Board may, at its discretion, offer to grant an option to subscribe for such number of new shares of the Company (the "Shares") to (a) full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (b) any directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries (the "Eligible Participants") as described in the Share Option Scheme in order to serve as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries. Upon acceptance of the option, the grantee shall pay HK$1 (or an equivalent amount in RMB) to the Company by way of consideration for the grant.

(a) Maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 160,000,000 Shares, representing 10% of the issued capital of the Company as at the date of this report, respectively, excluding for this purpose Shares which may have been issued upon the exercise of the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with the terms of the Share Option Scheme whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(b) Maximum number of options to each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(d) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and (ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of the Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

(e) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from 14 January 2014.

(f) Present status of the Share Option Scheme

From the Listing Date and up to the date hereof, no option had been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

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

Independent non-executive Directors

Dr. WONG Yau Kar, David BBS, JP (Appointed on 14 January 2014)
Mr. CHAU On Ta Yuen (Appointed on 14 January 2014)
Mr. YIP Tai Him (Appointed on 14 January 2014)
Mr. CHOW Kwong Fai, Edward JP (Appointed on 14 January 2014)

Notes:

(1) Mr. Huang Ruoqing ("Mr. Huang"), Mr. Tang Chengyong and Mr. Hong Duxuan were designated as executive Directors on 14 January 2014; and

(2) Mr. Wong Yeuk Hung ("Mr. Wong") resigned as a Director on 14 January 2014.

Biographical details of the Directors and senior management are set forth in the section headed "Directors and Senior Management Profile" of this report.

In accordance with Article 108(a) of the articles of association of the Company ("Articles of Association"), one-third of the Directors for the time being shall retire from their offices by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Further to Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, all Directors shall retire from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from January 2014, the month on which the Shares of the Company were listed on the Main Board of the Stock Exchange. Such service contract can be terminated by either party thereto serving at least three months' notice prior to the expiry of the term thereof. Each of the independent non-executive Directors signed an appointment letter with the Company for a term of three years with effect from 30 January 2014.

None of the Directors (including any Director who may be proposed for re-election at the forthcoming Annual General Meeting) has entered into any service agreement with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme ("MPF Scheme") in Hong Kong. The Group also participates in an employee social security plan as required by the regulations in the PRC, under which the Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. Save as disclosed above, the Group has not operated any other retirement benefits schemes for the Group's employees.

CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETITION BUSINESS

A deed of non-competition dated 17 January 2014 (the "Deed of Non-Competition") was entered into between the Company and the controlling Shareholders, namely Mr. Wong, Mr. Huang, Global Universe International Holdings Limited ("Global Universe") and Times International Development Company Limited ("Times International"), who have undertaken to the Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (except any members of the Group) would not directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold shares or interests (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) in any companies or businesses that compete directly or indirectly with the property development and property investment business engaged by the Group, unless otherwise permitted according to the Deed of Non-Competition.

The Company has received an annual written confirmation from each of the controlling Shareholders in respect of the compliance by them and their associates with the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the controlling Shareholders have abided by the non-competition undertaking. The independent non-executive Directors confirmed that the controlling Shareholders have not been in breach of the non-competition undertaking during the year ended 31 December 2014.

Save as disclosed, none of the Directors or their respective associates have any interests in any business that competed or might compete with the Group's business during the year ended 31 December 2014.

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

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

Interest in the Company:

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

Notes:

(1) The letters "L" denotes the person's long position in the Shares.

(2) 480,000,000 Shares are registered in the name of Times International. As at the date of this report, 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 31 December 2014, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquires such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the date of this report, 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%
Times International (Note 2)	Beneficial Owner	480,000,000	Long Position	30%
Ms. Sze Kai Fei (Note 3)	Interest of spouse	720,000,000	Long Position	45%
Ms. Fan Huili (Note 4)	Interest of spouse	480,000,000	Long Position	30%

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

Note 2: 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.

Note 3: Ms. Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Ms. Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.

Note 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.

As at 31 December 2014, direct or indirect interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of subsidiary	Name of shareholder	Percentage of Interest
Redco Investment (International) Co. Limited	Top Plan (HK) Limited	50%
Golden Equal Global Limited	High Value Group Limited	49%
江西政力房地產開發有限公司 (Jiangxi Zhengli Property Development Co., Ltd.*)	南昌市政公用建設有限公司 (Nanchang Municipal Public Construction Co., Ltd.*)	49%
長豐聯華置業有限公司 (Changfeng Lianhua Real Estate Co., Ltd.*)	福建群盛集團有限公司 (Fujian Qunsheng Group Co., Ltd.*)	20%
咸陽力高房地產開發有限公司 (Xianyang Redco Property Development Co., Ltd.*)	Chen Huaimei	30%
江西力達房地產開發有限公司 (Jiangxi Lida Property Development Co., Ltd.*)	江西力旭貿易有限公司 (Jiangxi Lixu Trading Co., Ltd.*)	22%
江西怡居房地產開發有限公司 (Jiangxi Yiju Property Development Co., Ltd.*)	南昌市國資置業有限公司 (Nanchang Guozi Zhiye Company Limited*)	49%
廣州青旅置業有限公司 (Guangzhou CYTSOTEL Real Estate Development Co., Ltd.*)	張亮 (Zhang Liang*) 韓小微 (Han Xiao Mei*)	14.4% 19.6%

* for identification purposes only

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONTRACTS OF SIGNIFICANCE

Save as the transactions set out in Note 36 to the consolidated financial statements and the transactions specified in the paragraph headed "Connected Transactions" in this section, no Director, a controlling Shareholder or its subsidiaries had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group conducted the following connected transactions:

Connected transactions for the year ended 31 December 2014

Acquisition of 100% equity interests in 江西恒豐行物業服務有限公司 (Jiangxi Hengfeng Property Management Company Limited) ("Jiangxi Hengfeng")*

In order to maintain and monitor the quality of the management services provided byJiangxi Hengfeng to the property projects of the Group, on 18 December 2014, 力高 (中國) 地產有限公司 (Redco (China) Real Estate Co., Ltd.*) ("Redco (China)"), an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Huang Peng (黃鵬) as the vendor entered into the equity transfer agreement pursuant to which, Redco (China) agreed to purchase, and Mr. Huang Peng agreed to sell, the 100% equity interest in Jiangxi Hengfeng at a consideration of RMB5,000,000. The consideration for such acquisition shall be payable on or before 31 December 2014 by Redco (China). As Mr. Huang Peng is a cousin of Mr. Wong Yeuk Hung, the controlling shareholder of the Company, and Mr. Huang Ruoqing, being the executive Director and the controlling shareholder of the Company and therefore is a deemed connected person of the Company under the Listing Rules. This transaction constitute a connected transaction for the Company and is subject to the requirements of reporting and announcement requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the announcement of the Company dated 18 December 2014.

Continuing connected transactions exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements

Property Management Services

On 17 January 2014, the Company entered into a master property management agreement ("Jiangxi Hengfeng Property Management Master Agreement") with Jiangxi Hengfeng pursuant to which Jiangxi Hengfeng (for itself and on behalf of its branches in Tianjin and Xianyang) agreed to provide property management services to the Group in respect of Riverside International, Spain Standard, Bluelake County, Riverlake International, Sunshine Coast in Tianjin, Royal City and Sunshine Coast in Yantai for a term commencing on 30 January 2014 and expiring on 31 December 2015.

The aggregate property management fees chargeable by Jiangxi Hengfeng include (i) the management fees in respect of the sales offices and vacant units which remain unsold; (ii) the subsidies on management fees for the initial period after delivery of the properties; (iii) costs of labor for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property; and/or (iv) cost incurred by the Group as a result of provision of short term free management services to its customers as part of our sales and promotion strategy. The management service fees payable by the Group under the Jiangxi Hengfeng Property Management Master Agreement have been determined with reference to the prevailing market rates for similar services for similar premises provided by independent service providers and such price shall be no less favourable to our Group than is available from independent service providers. In considering whether to obtain the management services from Jiangxi Hengfeng, our Group will seek quotations from at least three independent service providers offering the same or comparable management services. The Directors confirmed that the Company has followed the above policy and guidelines when determining the property management fee during the year ended 31 December 2014.

The annual caps for the three years ending 31 December 2015 are RMB1.9 milliion, RMB11.0 million and RMB15.0 million, respectively.

The transaction amount under the Jiangxi Hengfeng Property Management Master Agreement amounted to RMB7,083,000 for the year ended 31 December 2014 (2013: RMB1,837,000) and did not exceed RMB11.0 million for the year ended 31 December 2014. The annual caps were determined with references to (i) the management fees in respect of sales offices and vacant units which remain unsold; (ii) the subsidies on management fees for the initial period after delivery of the properties; (iii) costs of labour for the provision of cleaning, maintenance and security services prior to the delivery of the relevant property project; (iv) cost incurred by the Group as a result of provision of short term free management services to its customers as part of our sales and promotion strategy; and/or (v) the GFA of the relevant property project expected to be completed in each of the three years ending 31 December 2015.

As at the date of the Jiangxi Hengfeng Property Management Master Agreement, Jiangxi Hengfeng was a company owned by Huang Peng, a cousin of Mr. Wong and Mr. Huang and Chen Yu Peng, an independent third party. As Jiangxi Hengfeng was an associate of Mr.Wong and Mr. Huang, the Company's controlling shareholders and thus a connected person of the Company, transactions between Jiangxi Hengfeng and the Group constituted continuing connected transactions of the Company during the period from the Listing Date to 28 January 2015. As disclosed in the announcement of the Company dated 18 December 2014, the Group acquired all the equity interest of Jiangxi Hengfeng and such acquisition completed on 29 January 2015, therefore, the transactions under the Jiangxi Hengfeng Property Management Master Agreement ceased to be continuing connected transactions since 29 January 2015.

The disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions above of the Group.

All independent non-executive Directors have reviewed and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;

2. under normal commercial terms, or on terms no less favourable to the Group than terms available to or from independent third parties; and

3. in accordance with the agreement related to the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Board engaged the auditor of the Company to perform certain factual findings procedures in respect of the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor have reported the factual findings on these procedures to the Board and issued an unqualified letter containing its findings and conclusion in respect of the above continuing connected transactions for the year ended 31 December 2014 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

During the year ended 31 December 2014, the Group had certain related parties transactions under the applicable accounting standards. Save as disclosed above, none of the related parties transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

STATUS OF THE RECTIFICATION

As disclosed in the prospectus of the Company dated 21 January 2014, an application was made to the High Court of Hong Kong ("Court") for relief and an extension of time for laying all the profit and loss accounts and balance sheets by the certain subsidiaries of the Company. On 19 February 2014, it was ordered that the hearing of such application be adjourned, sine die, with liberty to restore. Based on the foregoing, as at the date of this report, the Company was (a) considering whether to withdraw or continue the applications; and (b) assessing the implications and risks associated thereto. Should the Company intend to take further actions, the Company shall disclose the status of the rectification in its interim/annual report (as the case may be).

CLOSURE OF REGISTER OF MEMBERS

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

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

(b) From Friday, 3 July 2015 to Monday, 6 July 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlements to the proposed final dividend. In order to establish the entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 July 2015.

SUFFICIENCY OF PUBLIC FLOAT

The Shares were listed on 30 January 2014 on the Main Board of the Stock Exchange. Based on information available to the Company and within the Directors' knowledge as at the date of this report, the Company has maintained the prescribed public float as required by the Listing Rules since the Listing Date and up to the date of this report.

AUDITOR

The financial statements have been audited by PricewahterhouseCoopers who retire and, being eligible, offer themselves for reappointment in the Annual General Meeting.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder of the Company is unsure about the taxation implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board
Huang Ruoqing
Executive Director

19 March 2015

INDEPENDENT AUDITOR'S REPORT

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

We have audited the consolidated financial statements of Redco Properties Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 110, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	5	3,502,804	2,984,586
Cost of sales	6	(2,556,547)	(2,018,459)
Gross profit		946,257	966,127
Other (losses)/gains, net	7	(2,446)	20,679
Selling and marketing expenses	6	(82,821)	(53,655)
General and administrative expenses	6	(141,818)	(81,750)
Impairment of goodwill	15	(24,730)	(25,579)
Operating profit		694,442	825,822
Finance income	11	17,243	8,038
Finance costs	11	(2,850)	(3,215)
Finance income, net		14,393	4,823
Share of loss of a joint venture	17	(5,295)	(1,310)
Profit before income tax		703,540	829,335
Income tax expense	12	(325,844)	(428,445)
Profit for the year	13	377,696	400,890
Attributable to:			
Equity holders of the Company		347,203	400,179
Non-controlling interests		30,493	711
		377,696	400,890
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	35	22.14	33.35
Dividends	37	64,000	230,000

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Profit for the year	377,696	400,890
Other comprehensive (loss)/income		
Item that will not be reclassified subsequently to profit or loss		
– Exchange differences arising on translation of functional currency to presentation currency	(60,000)	21,448
Total other comprehensive (loss)/income	(60,000)	21,448
Total comprehensive income for the year	317,696	422,338
Attributable to:		
– Equity holders of the Company	287,209	421,437
– Non-controlling interests	30,487	901
Total comprehensive income for the year	317,696	422,338

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	17,424	11,810
Goodwill	15	70,761	95,491
Interest in a joint venture	17	178,329	151,161
Deferred income tax assets	18	32,667	27,008
		299,181	285,470
Current assets			
Completed properties held for sale	19	1,142,338	566,533
Properties under development for sale	20	5,090,627	3,938,777
Other receivables, deposits and prepayments	21	1,468,741	1,864,055
Amounts due from shareholders and directors	36	—	132,464
Amounts due from non-controlling interests	36	168,824	176,815
Income tax recoverables		94,228	77,372
Restricted cash	22	355,443	132,296
Cash and cash equivalents	22	951,480	827,804
		9,271,681	7,716,116
Total assets		9,570,862	8,001,586
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	125,808	—
Reserves	24	1,569,019	888,945
		1,694,827	888,945
Non-controlling interests	16	346,647	262,560
Total equity		2,041,474	1,151,505

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	25	2,152,224	980,000
Deferred income tax liabilities	18	114,090	79,797
		2,266,314	1,059,797
Current liabilities			
Trade and other payables	26	1,894,932	1,662,672
Bank borrowings	25	609,220	473,568
Amounts due to non-controlling interests	36	749,458	741,614
Amounts due to related parties	36	5,000	5,887
Receipts in advance	27	1,679,121	2,660,713
Income tax liabilities		325,343	245,830
		5,263,074	5,790,284
Total liabilities		7,529,388	6,850,081
Total equity and liabilities		9,570,862	8,001,586
Net current assets		4,008,607	1,925,832
Total assets less current liabilities		4,307,788	2,211,302

The consolidated financial statements on pages 45 to 110 were approved for issue by the Board of Directors on 19 March 2015 and were signed on its behalf:

HUANG Ruoqing
Director

HONG Duxuan
Director

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current asset			
Investment in a subsidiary	16	389,362	389,362
Current assets			
Prepayments	21	260	5,764
Amounts due from subsidiaries	16	1,874,116	199,000
Cash and cash equivalents	22	306	8
		1,874,682	204,772
Total assets		2,264,044	594,134
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	125,808	—
Reserves	24	1,085,912	579,660
Total equity		1,211,720	579,660
LIABILITIES			
Non-current liabilities			
Borrowings	25	747,224	—
Current liabilities			
Accrued expense	26	46,137	1,419
Borrowings	25	151,607	—
Amounts due to subsidiaries	16	107,356	13,033
Amount due to a shareholder and director	36	—	22
		305,100	14,474
Total liabilities		1,052,324	14,474
Total equity and liabilities		2,264,044	594,134
Net current assets		1,569,582	190,298
Total assets less current liabilities		1,958,944	579,660

The consolidated financial statements on pages 45 to 110 were approved for issue by the Board of Directors on 19 March 2015 and were signed on its behalf:

HUANG Ruoqing
Director

HONG Duxuan
Director

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013		—	546,258	287,670	833,928
Comprehensive income					
– Profit for the year		—	400,179	711	400,890
Other comprehensive income					
– Currency translation differences		—	21,258	190	21,448
Total comprehensive income for the year		—	421,437	901	422,338
Transactions with owners					
Capital injection from non-controlling interests		—	—	98,000	98,000
Dividends relating to 2012 and 2013, paid		—	(78,750)	—	(78,750)
Disposal of subsidiaries	29	—	—	(124,011)	(124,011)
Total transactions with owners, recognised directly in equity		—	(78,750)	(26,011)	(104,761)
Balance at 31 December 2013		—	888,945	262,560	1,151,505
Balance at 1 January 2014		—	888,945	262,560	1,151,505
Comprehensive income					
– Profit for the year		—	347,203	30,493	377,696
Other comprehensive income					
– Currency translation differences		—	(59,994)	(6)	(60,000)
Total comprehensive income for the year		—	287,209	30,487	317,696
Transactions with owners					
Acquisition of a subsidiary		—	—	10,000	10,000
Capital injection from non-controlling interests		—	—	43,600	43,600
Issue of new shares pursuant to the global offering	23(d)	31,452	717,221	—	748,673
Capitalisation issue	23(c)	94,356	(94,356)	—	—
Dividends relating to 2013, paid		—	(230,000)	—	(230,000)
Total transactions with owners, recognised directly in equity		125,808	392,865	53,600	572,273
Balance at 31 December 2014		125,808	1,569,019	346,647	2,041,474

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Net cash used in operations	28	(1,140,178)	(561,090)
Income tax paid		(234,560)	(215,317)
Net cash used in operating activities		(1,374,738)	(776,407)
Cash flows from investing activities			
Additions of property, plant and equipment		(12,158)	(6,218)
Acquisition of a subsidiary, net of cash acquired	31	109	—
Repayment from non-controlling interests		8,085	709,097
Advance from related parties		—	18,387
Proceed for disposal of fixed assets	28	305	—
(Increase)/decrease in restricted cash		(223,147)	67,264
Interest received		17,243	8,038
Disposal of subsidiaries, net of cash disposed of	29	—	2,607
Net cash (used in)/generated from investing activities		(209,563)	799,175
Cash flows from financing activities			
Proceeds from bank borrowings		2,082,461	760,000
Repayment of bank borrowings		(1,521,876)	(527,947)
Issue of new shares		748,673	—
Issue of senior notes		745,945	—
Advance from non-controlling interests		7,844	—
Repayment from/(to) shareholders and directors		132,464	(142,027)
(Repayment to)/advance from a joint venture		(58,563)	18,795
Repayment from/(to) a related parties		894	(16,061)
Interest paid		(243,565)	(88,141)
Dividend paid		(230,000)	—
Contributions from non-controlling interests of subsidiaries		43,600	98,000
Net cash generated from financing activities		1,707,877	102,619
Net increase in cash and cash equivalents		123,576	125,387
Cash and cash equivalents at beginning of year		827,804	703,697
Currency translation differences		100	(1,280)
Cash and cash equivalents at end of the year	22	951,480	827,804

The notes on pages 52 to 110 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Redco Properties Group Limited ("the Company") was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Cayman Companies Law. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 of this section.

2.1.1.Amended standards and interpretations adopted by the Group

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

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Consolidation for Investment Entities
HK(IFRIC) - Int 21	Levies

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.1 Basis of preparation – continued

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

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

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

(1) Effective for the Group for annual period beginning on 1 July 2014.
(2) Effective for the Group for annual period beginning on 1 January 2016.
(3) Effective for the Group for annual period beginning on 1 July 2016.
(4) Effective for the Group for annual period beginning on 1 January 2017.
(5) Effective for the Group for annual period beginning on 1 January 2018.

The Group has commenced an assessment of the impact of the above new and amended standards and considers that they will not have any significant impact on the results of the Group's operations and financial position. The Group plans to adopt the above new and amended standards when they become effective.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.2 Subsidiaries

2.2.1 Consolidation

The consolidated financial statements incorporated the assets and liabilities of all subsidiaries of the Company to all the years presented, presented on the basis of preparation as described in Note 2.1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.7). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.3 Joint arrangements

The Group has applied HKFRS 11 to the joint arrangement. Under HKFRS 11 investment in a joint arrangement are classified as either a joint operation or a joint venture depending on the contractual rights and obligations of the investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. The joint venture is accounted for using the equity method.

Under the equity method of accounting, interest in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HK$"), and the consolidated financial statements are presented in RMB, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" and "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "general and administrative expenses".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.5 Foreign currency translation – continued

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which cash income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvement	shorter of the lease term or useful lives
Furniture and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains, net" in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.7 Goodwill

Goodwill arises on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 Impairment of interest in a joint venture and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the interest in a joint venture is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Properties under development for sale and completed properties held for sale

Properties under development for sale and completed properties held for sale are included in current assets at the lower of cost and net realisable value. Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights, borrowing costs on qualifying assets and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.10 Financial assets

2.10.1 Classification

The Group's financial assets are classified as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "other receivables, deposits and prepayments", "amounts due from shareholders and directors", "amounts due from non-controlling interests", "restricted cash" and "cash and cash equivalents" in the consolidated balance sheet. The Company's loans and receivables represent "prepayments", "amount due from a subsidiary" and "cash and cash equivalents" in the balance sheet.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.12 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.14 Other receivables

Other receivables is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and a joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and a joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and a joint venture only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.20 Revenue recognition

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

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

(i) Sale of properties

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

(ii) Interest income

Interest income is recognised using the effective interest method.

2.21 Employee benefits

(i) Pension obligations

The Group operates a mandatory provident fund scheme ("MPF Scheme") in Hong Kong. The assets of the MPF Scheme are held in a separate trustee-administered fund. Both the Group and the employees are required to contribute 5% of the employees relevant income up to a maximum of HK$1,500 (HK$1,250 on or before 1 June 2014) per employee per month.

The Group also participates in an employee social security plan (the "Plan") as required by the regulations in the PRC. The Group is required to make welfare contributions to the Plan which is based on certain percentage of the employees' relevant income.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Bonus plans

The expected cost of bonus plan is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Financial guarantee liabilities

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgment. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within general and administrative expenses.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk (including foreign currency risk and cash flow and fair value interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(i) Liquidity risk

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations and to maintain sufficient cash to meet its business development requirements.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to offset the potential impact on the Group's business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in the PRC economic conditions. The Company's directors consider that the Group will be able to maintain sufficient financial resources to meet its needs. Unused facilities of the Group as of 31 December 2014 and 2013 have been disclosed in Note 34.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(i) Liquidity risk – continued

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Group						
At 31 December 2014						
Term loans subject to repayment on demand clause	90,724	—	—	—	—	90,724
Bank borrowings and interest payments	—	691,630	1,244,364	284,255	—	2,220,249
Senior notes and interest payments	—	105,005	105,005	1,078,686	—	1,288,696
Trade and other payables	—	1,894,932	—	—	—	1,894,932
Amounts due to related parties	—	5,000	—	—	—	5,000
Amounts due to non-controlling interests	—	749,458	—	—	—	749,458
Financial guarantees (Note 33)	—	1,378,513	1,089,063	333,502	—	2,801,078
	90,724	4,824,538	2,438,432	1,696,443	—	9,050,137
At 31 December 2013						
Term loans subject to repayment on demand clause	107,741	—	—	—	—	107,741
Bank borrowings and interest payments	—	454,617	826,521	273,514	169	1,554,821
Trade and other payables	—	1,662,672	—	—	—	1,662,672
Amounts due to related parties	—	5,887	—	—	—	5,887
Amounts due to non-controlling interests	—	741,614	—	—	—	741,614
Financial guarantees (Note 33)	—	1,269,659	297,025	—	—	1,566,684
	107,741	4,134,449	1,123,546	273,514	169	5,639,419

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(i) Liquidity risk – continued

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Company						
At 31 December 2014						
Bank borrowings and interest payments	—	151,733	—	—	—	151,733
Senior notes and interest payment	—	105,005	105,005	1,078,686	—	1,288,696
Trade and other payables	—	46,137	—	—	—	46,137
Amounts due to subsidiaries	—	107,356	—	—	—	107,356
Total	—	410,231	105,005	1,078,686	—	1,593,922
At 31 December 2013						
Trade and other payables	—	1,419	—	—	—	1,419
Amounts due to subsidiaries	—	13,033	—	—	—	13,033
Amount due to a shareholder and director	—	22	—	—	—	22
Total	—	14,474	—	—	—	14,474

The table below analyses the term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Group					
31 December 2014	22,847	73,137	—	—	95,984
31 December 2013	13,281	3,655	95,186	4,416	116,538

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(ii) Credit risk

Credit risk arises from bank deposits and other receivables.

For other receivables and amounts due from non-controlling interests, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counterparties is low.

All the bank deposits are placed with banks with sound credit ratings to mitigate the risk. The Group does not hold any collateral as security.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customers' deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(iii) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to HK$ and United States dollars ("US$").

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose it to material foreign exchange risk. Other than certain bank balances and bank borrowings, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB. The Group does not hedge its exposure to the foreign currencies.

As at 31 December 2014 and 2013, certain of the Group's cash and bank balances were denominated in HK$ and US$, details of which have been disclosed in Note 22.

As at 31 December 2014 and 2013, the Group was exposed to foreign exchange risk primarily with respect to certain of its borrowings which were denominated in HK$ and US$, details of which have been disclosed in Note 25. RMB depreciation against HK$ during the year is the major reason for the exchange differences recognised by the Group. Further appreciation of HK$ against RMB will affect the Group's financial position and results of operations.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(iii) Foreign exchange risk – continued

The following table shows that, if RMB had strengthened/weakened by 5% against HK$, with all other variables held constant, post-tax profit for the year change, mainly as a result of foreign exchange gains/losses on translation of HK$ denominated bank balances and bank borrowings.

	2014 RMB'000	2013 RMB'000
Post-tax profit increase/(decrease)		
RMB strengthened by 5%	13,898	10,054
RMB weakened by 5%	(13,898)	(10,054)

(iv) Cash flow and fair value interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with variable interest, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from bank. Bank borrowings of variable rates expose the Group to cash flow interest rate risk. The senior notes at a fixed rate expose the Group to fair value interest rate risk. The Group has not hedged its cash flow and fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 25.

Management does not anticipate significant impact to the senior notes resulted from the changes in market interest rates. Moreover, given the stability of the interest rate in the recent financial market, in the opinion of the directors, the exposure of the senior notes to fair value interest rate risk is considered to be low. Therefore no sensitivity analysis is performed.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

At 31 December 2014 and 2013, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the years ended 31 December 2014 and 2013 would have changed as follows:

	2014 RMB'000	2013 RMB'000
Post-tax profit (decrease)/increase		
– 100 basis points higher	(24)	(30)
– 100 basis points lower	24	30
Capitalised interest increase/(decrease)		
– 100 basis points higher	1,910	849
– 100 basis points lower	(1,910)	(849)

3 FINANCIAL RISK MANAGEMENT – continued

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalent and restricted cash. Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt. The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 RMB'000	2013 RMB'000
Total borrowings (Note 25)	2,761,444	1,453,568
Less: cash and cash equivalents and restricted cash (Note 22)	(1,306,923)	(960,100)
Net debt	1,454,521	493,468
Total equity	2,041,474	1,151,505
Total capital	3,495,995	1,644,973
Gearing ratio	42%	30%

3 FINANCIAL RISK MANAGEMENT – continued

3.3 Fair value estimation

The nominal value less estimated credit adjustments of 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

4.2 Provision for impairment of properties held or under development for sale

The management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in the PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – continued

4.3 Current taxation and deferred taxation

The Group is subject to taxation in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

4.4 Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgment is required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

4.5 Impairment of other receivables

The Group assesses whether there is objective evidence that other receivables are impaired. It recognises an impairment loss based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment loss required.

4.6 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 15).

4.7 Accruals for construction cost of public facilities

The Group is required to construct certain public facilities in connection with obtaining certain land use rights for construction of properties in the PRC. The Group estimates the accruals for these costs for construction based on historical actual construction costs as adjusted for the effect of inflation. The Group regularly updates the construction schedules of public facilities and reviews the adequacy of the accrued balance.

5 REVENUE AND SEGMENT INFORMATION

The Executive Directors have been identified as the CODM. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim, Pearl River Delta Region and Others. "Others" segment represents provision of design services to group companies, corporate support functions and investment holdings businesses.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation, share of loss of a joint venture, finance income, finance costs and income tax (expense)/credit from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2014						
Total revenue	1,604,327	715,864	1,208,713	—	11,430	3,540,334
Inter-segment revenue	(26,100)	—	—	—	(11,430)	(37,530)
Revenue (from external customers)	1,578,227	715,864	1,208,713	—	—	3,502,804
Segment results	505,030	142,134	134,465	(13,688)	(68,425)	699,516
Depreciation	(1,148)	(544)	(1,690)	(373)	(1,319)	(5,074)
Operating profits/(losses)	503,882	141,590	132,775	(14,061)	(69,744)	694,442
Share of loss of a joint venture	(5,295)	—	—	—	—	(5,295)
Finance income	8,118	703	2,857	228	5,337	17,243
Finance costs	—	—	—	—	(2,850)	(2,850)
Income tax expense	(192,083)	(52,698)	(35,087)	(1,624)	(44,352)	(325,844)
Profits/(losses) for the year	314,622	89,595	100,545	(15,457)	(111,609)	377,696

5 REVENUE AND SEGMENT INFORMATION – continued

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2013						
Total revenue	1,744,141	215,255	1,025,190	—	7,821	2,992,407
Inter-segment revenue	—	—	—	—	(7,821)	(7,821)
Revenue (from external customers)	1,744,141	215,255	1,025,190	—	—	2,984,586
Segment results	641,499	428	218,188	—	(30,006)	830,109
Depreciation	(1,598)	(562)	(836)	—	(1,291)	(4,287)
Operating profits/(losses)	639,901	(134)	217,352	—	(31,297)	825,822
Share of loss of a joint venture	(1,310)	—	—	—	—	(1,310)
Finance income	3,211	639	1,686	—	2,502	8,038
Finance costs	—	—	—	—	(3,215)	(3,215)
Income tax expense	(262,196)	(25,978)	(99,171)	—	(41,100)	(428,445)
Profits/(losses) for the year	379,606	(25,473)	119,867	—	(73,110)	400,890
At 31 December 2014						
Total segment assets	3,584,027	1,721,712	2,551,919	1,386,674	321,063	9,565,395
Other unallocated corporate assets						5,467
Total assets						9,570,862
Additions to:						
Property, plant and equipment	2,411	937	1,474	2,324	5,012	12,158
Acquisition of properties under development for sale	22,538	—	—	—	—	22,538
Total segment liabilities	(3,472,551)	(1,234,058)	(1,198,713)	(666,306)	(957,760)	(7,529,388)

5 REVENUE AND SEGMENT INFORMATION – continued

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

6 EXPENSES BY NATURE

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

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

7 OTHER (LOSSES)/GAINS, NET

	2014 RMB'000	2013 RMB'000
Gains on disposal of subsidiaries, net (Note 29)	—	20,536
Gain/(loss) on disposal of property, plant and equipment	52	(474)
Others (loss)/gains	(2,498)	617
	(2,446)	20,679

8 EMPLOYEE BENEFIT EXPENSES

	2014 RMB'000	2013 RMB'000
Salaries and allowances	46,418	20,556
Sale commission and bonuses	5,346	3,923
Pension costs (Note 9)	5,777	4,337
Other staff welfare	6,537	3,088
	64,078	31,904

9 PENSION COSTS – DEFINED CONTRIBUTION PLAN

Employees in the Group's PRC subsidiaries are required to participate in a defined retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, subject to a ceiling of HK$1,500 (HK$1,250 on or before 1 June 2014) per month per head.

Details of the retirement scheme contributions, which have been dealt with in the consolidated income statement of the Group, are as follows:

	2014 RMB'000	2013 RMB'000
Gross scheme contributions	5,777	4,337

10 EMOLUMENTS FOR DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and chief executive's emoluments

The remuneration of each director of the Company for the year ended 31 December 2014 is set out below:

	Fee RMB'000	Salaries allowance and benefits in kind RMB'000	Discretionary bonus RMB'000	Employer's contribution to retirement scheme RMB'000	Total RMB'000
Executive Director					
Mr. Huang Ruoqing	—	1,089	—	13	1,102
Mr. Tang Chengyong	—	835	—	45	880
Mr. Hong Duxuan	—	812	—	41	853
Independent non-executive director					
Dr. Wong Yau Kar David	182	—	—	—	182
Mr. Chau On Ta Yuan	182	—	—	—	182
Mr. Yip Tai Him	182	—	—	—	182
Mr. Chow Kwong Fai Edward	218	—	—	—	218

None of directors or chief executives received any fees or emoluments in respect of their services to the Group during the year ended 31 December 2013.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2014 include two (2013: zero) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: five) individuals during the year are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other short-term benefits	3,156	1,291
Retirement scheme contributions	92	106
	3,248	1,397

The emoluments fell within the following bands:

	2014 RMB'000	2013 RMB'000
Nil to RMB1,000,000	1	5
RMB1,000,001 to RMB2,000,000	2	—

During the year, no director or five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, to leave the Group or as compensation for loss of office.

11 FINANCE INCOME AND COSTS

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

12 INCOME TAX EXPENSE

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

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

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

	2014 RMB'000	2013 RMB'000
Current income tax		
PRC corporate income tax	209,939	229,561
PRC land appreciation tax	87,271	178,200
Deferred income tax (Note 18)	28,634	20,684
	325,844	428,445

12 INCOME TAX EXPENSE – continued

The tax on the Group's profit before income tax differs from the theoretical amount that would arise by applying the statutory tax rate in the PRC to profits of the group companies as follows:

	2014 RMB'000	2013 RMB'000
Profit before income tax	703,540	829,335
Calculated at PRC Corporate income tax rate of 25%	175,885	207,334
Expenses not deductible for tax purpose	31,390	49,972
Income not subject to taxation	(1,242)	(12,859)
Unrecognised tax losses	10,006	6,329
Provision for land appreciation tax	87,271	178,200
Tax effect on land appreciation tax	(21,818)	(44,550)
Tax effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	44,352	43,637
Others	—	382
Income tax expense	325,844	428,445

13 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB114,308,000 (2013: RMB190,186,000).

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2013				
Opening net book amount	1,585	4,493	6,690	12,768
Additions	566	3,495	2,157	6,218
Disposals	(10)	(115)	(349)	(474)
Derecognised on loss of control in subsidiaries (Note 29)	—	(1,317)	(763)	(2,080)
Depreciation	(595)	(1,285)	(2,731)	(4,611)
Exchange differences	—	(4)	(7)	(11)
Closing net book amount	1,546	5,267	4,997	11,810
As at 31 December 2013				
Cost	3,351	10,038	15,078	28,467
Accumulated depreciation	(1,805)	(4,771)	(10,081)	(16,657)
Net book amount	1,546	5,267	4,997	11,810
Year ended 31 December 2014				
Opening net book amount	1,546	5,267	4,997	11,810
Additions	2,372	3,015	6,771	12,158
Acquisition of a subsidiary (Note 31)	—	98	260	358
Disposals	—	(149)	(104)	(253)
Depreciation	(1,402)	(1,838)	(3,169)	(6,409)
Exchange differences	—	(239)	(1)	(240)
Closing net book amount	2,516	6,154	8,754	17,424
As at 31 December 2014				
Cost	5,724	12,018	19,336	37,078
Accumulated depreciation	(3,208)	(5,864)	(10,582)	(19,654)
Net book amount	2,516	6,154	8,754	17,424

Depreciation charges were capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated income statement:

	2014 RMB'000	2013 RMB'000
Properties under development for sale	1,335	324
General and administrative expenses (Note 6)	5,074	4,287
	6,409	4,611

15 GOODWILL

	Goodwill RMB'000
Year ended 31 December 2014	
Opening net book amount	95,491
Impairment of goodwill	(24,730)
Closing net book amount	70,761
Year ended 31 December 2013	
Opening net book amount	121,070
Impairment of goodwill	(25,579)
Closing net book amount	95,491

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") in the following phases in Mix Kingdom Redco, the development project in Hefei, as follows:

	2014 RMB'000	2013 RMB'000
West phase 1	3,918	3,918
West phase 3	—	5,836
West phase 4	22,161	22,161
West phase 5	44,682	44,682
East phase 1A	—	1,490
East phase 1B	—	146
East phase 3	—	17,258
	70,761	95,491

During the year ended 31 December 2011, the Group acquired a subsidiary which is engaged in property development in the PRC. The goodwill as a result of this acquisition is allocated to the various phases which make up the development project. The recoverable amount of all CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are estimated based on sales plan.

15 GOODWILL – continued

The key assumptions used for value-in-use calculations for the year ended 31 December 2014 is as follows:

	West phase 1	West phase 3	West phase 4	West phase 5	East phase 1A	East phase 1B	East phase 3
Sales price per sq.m (RMB)	6,190	N/A	6,082	5,796	N/A	N/A	N/A
Construction cost per sq.m (RMB)	2,905	N/A	3,239	3,300	N/A	N/A	N/A
Discount rate	12%	N/A	12%	12%	N/A	N/A	N/A

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The key assumptions used for value-in-use calculations for the year ended 31 December 2013 is as follows:

	West phase 1	West phase 3	West phase 4	West phase 5	East phase 1A	East phase 1B	East phase 3
Sales price per sq.m (RMB)	4,751	5,200	6,500	5,200	5,062	4,589	5,200
Construction cost per sq.m (RMB)	3,000	3,500	4,000	3,500	3,500	3,500	3,500
Discount rate	12%	12%	12%	12%	12%	12%	12%

The directors are of the view that there were impairment on goodwill during the year ended 31 December 2014:

	2014 RMB'000	2013 RMB'000
West phase 3	5,836	7,745
East phase 1A	1,490	—
East phase 1B	146	—
East phase 2	—	17,834
East phase 3	17,258	—
	24,730	25,579

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The Company

	2014 RMB'000	2013 RMB'000
Investments at cost, unlisted shares (Note (a))		
Beginning of the year	389,362	—
Acquisition of subsidiaries from Shareholders	—	389,362
End of the year	389,362	389,362
Amounts due from subsidiaries (Note 36)	1,874,116	199,000
Amounts due to subsidiaries (Note 36)	(107,356)	(13,033)
Amounts due from subsidiaries, net (Note 36)	1,766,760	185,967

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(a) Details of the principal subsidiaries at 31 December 2014 are set out below:

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2014
Directly held by the Company							
力高地產控股有限公司	Redco Properties Holdings Limited	23 June 2008	Limited liability company	The British Virgin Islands ("BVI")	Investment holding	US$50,000/US$2	100%
Indirectly held by the Company							
力創國際發展有限公司	Power Creation International Development Limited	17 December 2008	Limited liability company	BVI	Investment holding	US$50,000/US$100	99%
富宏控股有限公司	Max Income Holdings Limited	23 May 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
金鼎環球有限公司	Golden Equal Global Limited	13 November 2012	Limited liability company	BVI	Investment holding	US$50,000/US$100	51%
利達集團有限公司	Maxprofit Globe Holdings Limited	30 May 2012	Limited liability company	BVI	Investment holding	US$50,000/US$100	100%
力泉國際投資有限公司	Power Spring International Investments Limited	24 September 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
銘高國際控股有限公司	Top Glory International Holdings Limited	24 September 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
匯高投資發展有限公司	Hui Gao Investments Development Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
盛高置業投資有限公司	Top Thrive Real Estates Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
力嘉國際投資有限公司	Li Jia International Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
偉力國際發展有限公司	Wei Li International Developments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
創高環球投資有限公司	Top Creation Worldwide Investments Limited	15 June 2012	Limited liability company	BVI	Investment holding	US$50,000/US$1	100%
力高集團（香港）有限公司	Redco Holdings (Hong Kong) Co., Limited	13 May 1998	Limited liability company	Hong Kong	Investment holding	HK$500,000/ HK$100,000	100%

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(a) Details of the principal subsidiaries at 31 December 2014 are set out below:- continued

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2014
力盛國際投資有限公司	Power Thrive International Investment Limited	19 January 2009	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	99%
力高投資（國際）有限公司	Redco Investment (International) Co. Limited (Note (i))	17 October 2005	Limited liability company	Hong Kong	Investment holding	HK$10,000/ HK$10,000	50%
力高國際（香港）有限公司	Redco International (HK) Limited	8 November 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
興達國際實業有限公司	Bloom Trend International Industrial Limited	19 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
力高實業投資有限公司	Redco Industrial Investment Limited	28 June 2011	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
達榮國際投資有限公司	Fame Step International Investment Limited	13 January 2011	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
香港泉高投資有限公司	Hong Kong Spring Top Investments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
香港禦高投資有限公司	Hong Kong Royal Lofty Investment Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
力高置業（香港）有限公司	Redco Properties (Hong Kong) Company Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
香港濱江實業有限公司	Hong Kong Binjiang Industrial Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$150,000,000/ HK$150,000,000	100%
香港榮力發展有限公司	Hong Kong Wing Power Developments Limited	6 July 2012	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
康利投資（國際）有限公司	Hong Lee Investment (International) Company Limited	26 August 2013	Limited liability company	Hong Kong	Investment holding	HK$10,000/HK$1	100%
江西萬和房地產開發有限公司	JiangXi Man Wo Property Develoment Co., Ltd.	24 September 2004	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$300,000,000/ HK$300,000,000	100%

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(a) Details of the principal subsidiaries at 31 December 2014 are set out below:- continued

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2014
江西力高房地產開發有限公司	JiangXi Redco Property Development Co., Ltd.	20 January 2010	Limited liability company	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%
力高置業（江西）有限公司	Redco Development (Jiangxi) Co., Ltd. (Note (ii))	28 December 2005	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$150,000,000/ HK$150,000,000	50%
長豐聯華置業有限公司	Changfeng Lianhua Real Estate Co., Ltd.	27 June 2005	Limited liability company	PRC	Property development in the PRC	RMB50,750,000/ RMB50,750,000	80%
山東恒嘉置業有限公司	Shandong Hengjia Real Estate Co., Ltd.	14 December 2005	Limited liability company	PRC	Property development in the PRC	RMB10,000,000/ RMB10,000,000	100%
山東力高房地產開發有限公司	Shandong Redco Real Estate Development Co., Ltd.	22 April 2004	Sino-foreign equity joint venture	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%
力高（天津）地產有限公司	Redco (Tingjin) Real Estate Co., Ltd.	2 April 2009	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$490,000,000/ HK$490,000,000	99%
咸陽力高房地產開發有限公司	Xianyang Redco Property Development Co., Ltd.	15 June 2012	Limited liability company	PRC	Property development in the PRC	RMB20,000,000/ RMB20,000,000	70%
江西崇德房地產開發有限公司	Jiang Xi Chong De Real Estate Development Co., Ltd.	28 October 2010	Wholly owned foreign enterprise	PRC	Property development in the PRC	HK$200,000,000/ HK$200,000,000	100%
煙台力高置業有限公司	Yantai Redco Develoment Co., Ltd.	9 October 2012	Wholly owned foreign enterprise	PRC	Property development in the PRC	US$48,000,000/ US$48,000,000	100%
力高（中國）地產有限公司	Reaco (China) Real Estate Co., Ltd.	15 September 2005	Sino-foreign equity joint venture	PRC	Property development in the PRC	HK$100,000,000/ HK$100,000,000	100%
深圳興居貿易有限公司	Shenzhen Xingju Trading Co., Ltd.	22 February 2012	Limited liability company	PRC	Trading in the PRC	RMB1,000,000/ RMB1,000,000	100%
深圳市今典設計顧問有限公司	Shenzhen Jindian Design Consulting Co., Ltd.	25 May 2012	Limited liability company	PRC	Construction design consulting in the PRC	RMB500,000/ RMB500,000	100%
深圳創信工程造價諮詢有限公司	Shenzhen Chuangxin Construction Cost Consulting Co., Ltd.	25 May 2012	Limited liability company	PRC	Construction cost consulting in the PRC	RMB1,000,000/ RMB1,000,000	100%

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(a) Details of the principal subsidiaries at 31 December 2014 are set out below:- continued

Name of companies		Date of incorporation/ establishment	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ownership interest 31 December 2014
深圳市力高大道置業有限公司	Shenzhen Redco Dadao Real Estate Co., Ltd.	2 January 2014	Limited liability company	PRC	Property development in the PRC	RMB20,000,000/ RMB20,000,000	51%
江西政力房地產開發有限公司	Jiangxi Zhengli Property Development Co., Ltd.	22 October 2013	Limited liability company	PRC	Property development in the PRC	RMB200,000,000/ RMB200,000,000	51%
江西力達房地產開發有限公司	Jiangxi Lida Property Development Co., Ltd.	12 March 2014	Limited liability company	PRC	Property development in the PRC	RMB20,000,000/ RMB20,000,000	78%
江西怡居房地產開發有限公司	Jiangxi Yiju Property Development Co., Ltd.	19 August 2011	Limited liability company	PRC	Property development in the PRC	RMB80,000,000/ RMB80,000,000	51%
深圳力高宏業地產開發有限公司	Shenzhen Redco Hongye Property Development Co., Ltd.	29 August 2014	Limited liability company	PRC	Property development in the PRC	RMB10,000,000/ RMB0	100%
合肥力高宏業地產開發有限公司	Hefei Redco Hongye Property Development Co., Ltd.	9 September 2014	Limited liability company	PRC	Property development in the PRC	RMB50,000,000/ RMB50,000,000	100%
天津力高宏業投資有限公司	Tianjin Redco Hongye Investment Company Limited	9 October 2014	Limited liability company	PRC	Investment holding	US$298,000,000/ US$138,000,000	100%
天津力高基業有限公司	Tianjin Redco Jiye Company Limited	16 October 2014	Limited liability company	PRC	Investment holding	RMB1,217,064,630/ RMB847,912,241.37	100%
廣州青旅置業有限公司	Guangzhou CYTSOTEL Real Estate Development Co., Ltd.	27 October 2010	Limited liability company	PRC	Property development in the PRC	RMB25,000,000/ RMB25,000,000	60%

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(a) Details of the principal subsidiaries at 31 December 2014 are set out below:- continued

(i) Although the Group owns not more than half of the equity interest in Redco Investment (International) Co., Limited ("Redco Investment"), it is able to control the financing and operating decisions since the Group and the other shareholder agreed that the directors of the Group have the casting vote in the Board of Directors' meeting for resolution of operating and major decisions. Consequently, the Group consolidates Redco Investment.

(ii) Although the Group owns not more than half of the equity interest in Redco Development (Jiangxi) Co., Ltd. ("Redco Development"), it is able to control more than one half of the voting rights by virtue of the fact that 3 out of 5 directors are elected by the Group. Consequently, the Group consolidates Redco Development.

(iii) The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts are denominated in RMB and approximate their fair values.

(c) Set out below are the summarised financial information of Redco Development that have non-controlling interests that are material to the Group.

Summarised balance sheet

	Redco Development	
	2014 RMB'000	2013 RMB'000
Current		
Assets	454,133	419,179
Liabilities	(214,906)	(194,239)
Total current net assets	239,227	224,940
Non-current		
Assets	—	253
Liabilities	—	(22,687)
Total non-current net assets	—	(22,434)
Net assets	239,227	202,506

16 INVESTMENT IN A SUBSIDIARY, AMOUNT DUE FROM/(TO) SUBSIDIARIES AND NON-CONTROLLING INTERESTS – continued

(c) Set out below are the summarised financial information of Redco Development that have non-controlling interests that are material to the Group. - continued

Summarised income statement

	Redco Development	
	2014	2013
	RMB'000	RMB'000
Revenue	60,612	27,228
Profit before income tax	52,716	12,343
Income tax expense	(15,995)	(4,181)
Total comprehensive income	36,721	8,162
Profit allocated to non-controlling interests	18,361	4,081

Summarised cash flows

	Redco Development	
	2014	2013
	RMB'000	RMB'000
Net cash used in operating activities	(8,314)	(6,508)
Net decreased in cash and cash equivalents	(8,314)	(6,508)
Cash and cash equivalent at beginning of year	20,405	26,913
Cash and cash equivalent at end of year	12,091	20,405

Dividends of RMB159,000,000 have been declared by the Redco Development since 2013.

The information above is before inter-company eliminations.

17 INTEREST IN A JOINT VENTURE

(a) Interest in a joint venture

	2014 RMB'000	2013 RMB'000
At beginning of the year	173,848	175,158
Share of loss	(5,295)	(1,310)
Net asset attributable to the Group's 50% interest	168,553	173,848
Unrealised gain for the transaction with a joint venture	(26,100)	—
At end of the year	142,453	173,848
Amount due from/(to) a joint venture (Note and Note 36)	35,876	(22,687)
	178,329	151,161

Note: The amount due from/(to) a joint venture is interest-free, unsecured and has no fixed repayment terms. The carrying amount approximates its fair value. The amount due from/(to) a joint venture is denominated in RMB.

(b) Nature of interest in a joint venture

Name of entity	Place of establishment principal/place of business	% of ownership directly held interest 2014	2013	Nature of the relationship	Measurement method
Redco Industry (Jiangxi) Co., Limited	PRC	50%	50%	Note 1	Equity

Note 1: Redco Industry (Jiangxi) Co., Limited was a wholly owned foreign enterprise incorporated on 28 July 2010. The principal activity is hotel operations in the PRC.

17 INTEREST IN A JOINT VENTURE – continued

(c) Summarised financial information for a joint venture

Set out below is the summarised financial information of Redco Industry (Jiangxi) Co., Limited which is material to the Group.

Summarised balance sheet

	2014 RMB'000	2013 RMB'000
Current		
Cash and cash equivalents	17,676	12,858
Other current assets (excluding cash)	73,077	40,928
Total current assets	90,753	53,786
Other current liabilities (including trade payables)	(105,839)	(33,394)
Total current liabilities	(105,839)	(33,394)
Total current net (liabilities)/assets	(15,086)	20,392
Non-current		
Assets	384,192	371,303
Financial liabilities	(32,000)	(44,000)
Total non-current assets	352,192	327,303
Net assets	337,106	347,695
Net assets attributable to the Group's 50% interest (Note a)	168,553	173,848

Summarised income statement

	2014 RMB'000	2013 RMB'000
Revenue	95,068	93,509
Depreciation	(20,103)	(18,965)
Operating (loss)/income	(8,052)	599
Interest income	23	45
Interest expenses	(2,560)	(3,265)
Total comprehensive loss	(10,589)	(2,621)

No dividend has been paid or declared by the joint venture since its establishment.

18 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The analysis of deferred tax liabilities, net, is as follows:

	2014 RMB'000	2013 RMB'000
Deferred income tax assets		
– to be recovered within 12 months	28,471	—
– to be recovered after more than 12 months	4,196	27,008
	32,667	27,008
Deferred income tax liabilities		
– to be settled within 12 months	(44,230)	(7,174)
– to be settled after more than 12 months	(69,860)	(72,623)
	(114,090)	(79,797)
Deferred tax liabilities, net	(81,423)	(52,789)

The movements on the net deferred income tax liabilities are as follows:

	2014 RMB'000	2013 RMB'000
At beginning of year	(52,789)	(32,105)
Charged to the consolidated income statement (Note 12)	(28,634)	(20,684)
At end of year	(81,423)	(52,789)

Deferred tax assets:

	Unrealised profit RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2014	—	27,008	27,008
Credited/(charged) to the consolidated income statement	6,525	(866)	5,659
At 31 December 2014	6,525	26,142	32,667
At 1 January 2013	—	29,884	29,884
Charged to the consolidated income statement	—	(2,876)	(2,876)
At 31 December 2013	—	27,008	27,008

18 DEFERRED INCOME TAX – continued

Deferred tax liabilities:

	Fair value gain on acquisition of a subsidiary RMB'000	Interest capitalised RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2014	34,058	1,988	43,751	79,797
(Credited)/charged to consolidated income statement	(9,828)	16,769	27,352	34,293
At 31 December 2014	24,230	18,757	71,103	114,090
At 1 January 2013	37,254	2,682	22,053	61,989
(Credited)/charged to consolidated income statement	(3,196)	(694)	21,698	17,808
At 31 December 2013	34,058	1,988	43,751	79,797

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2014 and 2013, the unrecognised tax losses are as follows:

	2014 RMB'000	2013 RMB'000
Expiry date in:		
2014	—	378
2015	393	393
2016	1,349	1,349
2017	3,313	3,313
2018	3,413	3,413
2019	40,025	—
No expiry date	15,369	15,369
	63,862	24,215

During the year, tax losses amounting to RMB378,000 (2013: RMB22,981,000) expired.

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on undeclared dividends in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately RMB45,087,000 (2013: RMB45,087,000) for the year ended 31 December 2014 have not been provided for in the consolidated balance sheet in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

19 COMPLETED PROPERTIES HELD FOR SALE

	2014 RMB'000	2013 RMB'000
Amount comprised:		
Land use rights	248,838	119,563
Construction costs and capitalised expenditures	845,606	377,882
Interest capitalised	47,894	69,088
	1,142,338	566,533

Completed properties held for sale are all located in the PRC.

20 PROPERTIES UNDER DEVELOPMENT FOR SALE

	2014 RMB'000	2013 RMB'000
Within normal operating cycle included under current assets		
Amount comprised:		
Land use rights	3,042,602	1,533,892
Construction costs and capitalised expenditures	1,828,632	2,288,464
Interest capitalised	219,393	116,421
	5,090,627	3,938,777

The properties under development for sale are all located in the PRC.

	2014 RMB'000	2013 RMB'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	607,855	1,110,151
Expected to be completed and available for sale within 12 months	4,482,772	2,828,626
	5,090,627	3,938,777
Pledged as collateral for the Group's borrowings	3,598,935	2,865,686

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

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

The Company

	2014 RMB'000	2013 RMB'000
Prepayments	260	5,764

Note:

(a) The deposits with local real estate associations, mainly included deposits with Jinan Housing Repairment Fund Management Center (濟南市住房維修資金管理中心) in connection with the retention of the quality for properties construction (2013: Jinan Real Estate Association (濟南市房地產業協會) in connection with the issue of pre-sale permit) as required by the relevant regulations in respect of the Group's property development projects in Jinan.

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

(c) The carrying amounts of the Group's other receivables, deposits and prepayments are denominated in the following currencies:

The Group

	2014 RMB'000	2013 RMB'000
RMB	1,468,140	1,858,049
HK$	601	6,006
	1,468,741	1,864,055

(d) The carrying amounts of the Company's prepayments are denominated in HK$.

22 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	2014 RMB'000	2013 RMB'000
Cash at bank and on hand	951,480	827,804
Restricted cash	355,443	132,296
Cash and cash equivalents and restricted cash	1,306,923	960,100

The Company

	2014 RMB'000	2013 RMB'000
Cash and cash equivalents	306	8

The carrying amounts of the Group's cash and cash equivalents and restricted cash are equivalent to their fair values and are denominated in the following currencies:

The Group

	2014 RMB'000	2013 RMB'000
RMB	1,294,855	943,609
HK$	9,911	7,699
US$	2,157	8,792
	1,306,923	960,100

The cash and cash equivalents and restricted cash denominated in RMB are deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Restricted cash comprises (i) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, and (ii) other bank deposits that are restricted in use as collateral for banking facilities of the Group.

23 SHARE CAPITAL

	Number of share	Par value (HK$0.1 per share) HK$
Authorised:		
As at 1 January 2013 and 31 December 2013	3,800,000	380,000
Increase of authorised share capital (Note a)	4,996,200,000	499,620,000
As at 31 December 2014	5,000,000,000	500,000,000
Issued and fully paid:		
As at 1 January 2013	100	10
Issuance of ordinary shares (Note b)	100	10
As at 31 December 2013	200	20
Capitalisation issue (Note c)	1,199,999,800	119,999,980
Issue of new shares pursuant to the global offering (Note d)	400,000,000	40,000,000
As at 31 December 2014	1,600,000,000	160,000,000
RMB equivalent at 31 December 2014		125,808,000

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 29 July 2013, an additional 60 and 40 ordinary shares at par value of HK$0.1 each were allotted and issued to Global Universe and Times International to reflect the reorganisation of the Group. The excess of net book amount of 100% equity interest in Redco HK of approximately HK$493,828,000 (equivalent to approximately RMB390,766,000) over par value of share issued of HK$20 was credited to contribution surplus of the Company.

(c) 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.

(d) 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.

24 RESERVES

The Group

	Retained earnings RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2013	230,389	84,372	97,095	134,402	—	546,258
Comprehensive income						
Profit for the year	400,179	—	—	—	—	400,179
Other comprehensive income/(loss)						
Currency translation differences	—	21,258	—	—	—	21,258
Transfer to statutory reserve	(566)	—	566	—	—	—
Total comprehensive income	399,613	21,258	566	—	—	421,437
Transactions with owner						
Dividends relating to 2012 and 2013, paid	(78,750)	—	—	—	—	(78,750)
At 31 December 2013	551,252	105,630	97,661	134,402	—	888,945
Comprehensive income						
Profit for the year	347,203	—	—	—	—	347,203
Other comprehensive income/(loss)						
Currency translation differences	—	(59,994)	—	—	—	(59,994)
Transfer to statutory reserve	(62,707)	—	62,707	—	—	—
Total comprehensive income	284,496	(59,994)	62,707	—	—	287,209
Transactions with owner						
Issue of new share pursuant to the global offering	—	—	—	—	717,221	717,221
Capitalisation issue	—	—	—	—	(94,356)	(94,356)
Dividend relating to 2013, paid	(230,000)	—	—	—	—	(230,000)
Total transaction with owners recognised in equity	(230,000)	—	—	—	622,865	392,865
At 31 December 2014	605,748	45,636	160,368	134,402	622,865	1,569,019

24 RESERVES – continued

The Company

	Contribution surplus RMB'000	Exchange reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2013	—	1	(24)	—	(23)
Comprehensive income					
Profit for the year	—	—	190,186	—	190,186
Other comprehensive loss					
Currency translation differences	—	(1,269)	—	—	(1,269)
Total comprehensive income	—	(1,269)	190,186	—	188,917
Transactions with owners					
Issuance of ordinary shares (Note 23)	390,766	—	—	—	390,766
At 31 December 2013	390,766	(1,268)	190,162	—	579,660
Comprehensive income					
Profit for the year	—	—	114,308	—	114,308
Other comprehensive loss					
Currency translation differences	—	(921)	—	—	(921)
	—	(921)	114,308	—	113,387
Transaction with owner					
Issue of new share pursuant to the global offering	—	—	—	717,221	717,221
Capitalisation issue	—	—	—	(94,356)	(94,356)
Dividend relating to 2013, paid	—	—	(230,000)	—	(230,000)
	—	—	(230,000)	622,865	392,865
At 31 December 2014	390,766	(2,189)	74,470	622,865	1,085,912

25 BORROWINGS

Group

	2014 RMB'000	2013 RMB'000
Long-term bank borrowings, secured	1,405,000	980,000
Senior Notes due 2019, secured	747,224	—
Non-current borrowings, secured	2,152,224	980,000
Portion of term loan from bank, secured		
– due for repayment within one year, secured	460,107	261,827
– due for repayment within one year which contain a repayment on demand clause, secured	19,722	10,117
– due for repayment after one year which contain a repayment on demand clause, secured	71,001	97,624
Short-term bank borrowings, secured	58,390	104,000
Current bank borrowings, secured	609,220	473,568
Total borrowings	2,761,444	1,453,568

The Company

	2014 RMB'000	2013 RMB'000
Senior Notes 2019, secured	747,224	—
Non-current borrowings, secured	747,224	—
Portion of term loans from bank, secured		
– due for repayment within one year, secured	151,607	—
Current bank borrowings, secured	151,607	—
Total borrowings	898,831	—

Bank borrowings are secured by certain properties under development for sale. Bank borrowings mature from 2015 to 2017, and bear interest from 2.3% to 12% per annum.

25 BORROWINGS – continued

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:

Group

	2014 RMB'000	2013 RMB'000
Amounts of borrowings that are repayable:		
– Within 1 year	538,219	375,944
– Between 1 and 2 years	1,211,001	730,664
– Between 2 and 5 years	1,012,224	342,713
– After 5 years	—	4,247
	2,761,444	1,453,568

The Company

	2014 RMB'000	2013 RMB'000
Amounts of borrowings that are repayable:		
– Within 1 year	151,607	—
– Between 2 and 5 years	747,224	—
	898,831	—

The carrying amounts of the Group's bank borrowings approximate their fair values and are denominated in the following currencies:

Group

	2014 RMB'000	2013 RMB'000
RMB	1,771,890	1,334,000
HK$	242,330	119,568
US$	747,224	—
	2,761,444	1,453,568

The Company

	2014 RMB'000	2013 RMB'000
HK$	151,607	—
US$	747,224	—
	898,831	—

25 BORROWINGS – continued

On 1 August 2014, the Company issued 13.75% senior notes due 2019 with an aggregate nominal value of US$125,000,000 at par value (the "Senior Notes due 2019"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$121,500,000 (equivalent to RMB741,877,000). The Senior Notes due 2019 will mature on 1 August 2019. The Company, at its option, can redeem the Senior Notes due 2019 (i) in whole, or in part, on or after 1 August 2017 at the redemption price equal to 106.8750% before 1 August 2018 and 103.4375% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 1 August 2017 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2019 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The Senior Notes due 2019 are listed on the Hong Kong Stock Exchange.

26 TRADE AND OTHER PAYABLES

The Group

	2014 RMB'000	2013 RMB'000
Trade payables (Note a)	1,305,160	1,015,182
Accruals and other payables	589,772	647,490
	1,894,932	1,662,672

The Company

	2014 RMB'000	2013 RMB'000
Accrued expense	46,137	1,419

Note:

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

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

(b) The carrying amounts of the Group's trade and other payables approximate their fair values due to their short maturity and are denominated in the following currencies:

The Group

	2014 RMB'000	2013 RMB'000
RMB	1,848,793	1,558,668
HK$	46,139	104,004
	1,894,932	1,662,672

(c) The carrying amounts of the Company's accrued expense are denominated in HK$.

27 RECEIPTS IN ADVANCE

The Group starts sales of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advanced proceeds received from customers before the relevant sales are recognised.

28 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2014 RMB'000	2013 RMB'000
Profit for the year	377,696	400,890
Income tax expense	325,844	428,445
Depreciation on property, plant and equipment	5,074	4,287
Finance income	(17,243)	(8,038)
Finance costs	2,850	3,215
(Gain)/loss on disposal of property, plant and equipment	(52)	474
Share of loss of a joint venture	5,295	1,310
Impairment of goodwill	24,730	25,579
Gain on disposal of subsidiaries, net	—	(20,536)
Unrealised gain for the transaction with a joint venture	26,100	—
Exchange differences	(60,574)	(1,448)
Operating profit before working capital change	689,720	834,178
Completed properties held for sale	(575,805)	(264,862)
Properties under development for sale	(909,754)	(466,757)
Other receivables and prepayments	458,350	(1,362,283)
Receipts in advance	(981,592)	(57,575)
Trade and other payables	178,903	756,209
Net cash used in operations	(1,140,178)	(561,090)

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2014 RMB'000	2013 RMB'000
Net book amount	253	474
Net gain/(loss) on disposals of property, plant and equipment	52	(474)
Proceed from disposal of property, plant and equipment	305	—

29 DISPOSAL OF SUBSIDIARIES

In 2013, the Group disposed several subsidiaries to independent third parties and all transactions were completed before year ended of 2013.

Net assets disposed of:

	2013 RMB'000
Properties, plant and equipment	2,080
Prepaid taxes	3,487
Deposits, prepayment and other receivables	50,638
Amount due from group companies	860,141
Amount due from shareholders and directors	487,404
Amount due from related parties	96,456
Restricted cash	3,290
Cash and cash equivalents	15,740
Receipts in advance	(91)
Borrowings	(100,000)
Accounts payable	(20,018)
Accruals and other payables	(3,621)
Amounts due to shareholders and directors	(361,383)
Amounts due to group companies	(601,098)
Amounts due to related parties	(3,924)
Current income tax liabilities	(46,790)
Non-controlling interests	(124,011)
Net assets disposed of	258,300
Gain on disposal of subsidiaries, net (Note 7)	20,536
Total consideration for the disposal of subsidiaries	278,836

An analysis of the net inflow of cash and bank balances in respect of the disposal of a subsidiaries was as follows:

	2013 RMB'000
Satisfied by	
Cash consideration receivable by the Group	18,347
Consideration receivable by shareholders on behalf of the Group	260,489
	278,836
Net cash inflow arising on disposal	
Cash consideration	18,347
Bank balances and cash disposed of	(15,740)
	2,607

30 ACQUISITION OF PROPERTIES UNDER DEVELOPMENT FOR SALE

(a) On 11 November 2014, the Group acquired 51% equity interest of Jiangxi Yiju which holds the land use rights of Imperial Metropolis in Nanchang. Before the acquisition by the Group, Jiangxi Yiju had no business activities except for holding land use rights. Accordingly, Jiangxi Yiju's activities did not constitute a business and the Group's intention of such acquisition was to acquire the land use rights held by Jiangxi Yiju for future property developments. Accordingly, such acquisition was accounted for as if it was an acquisition of the underlying land use rights and the cash flows were included in "properties under development for sale" within the operating activities in the consolidated statement of cash flows.

	At the date of acquisition RMB'000
Property, plant and equipment	896
Properties under development for sale	22,538
Prepayment and other receivables	113,859
Cash and cash equivalent	57,948
Accrual and other payables	(115,241)
Non-controlling interests	(39,200)
Total acquisition consideration	40,800
Consideration paid by cash	40,800
Less: cash and cash equivalents acquired	(57,948)
Net cash inflow	(17,148)

(b) In 2013, the Group completed the acquisition of 100% equity interest of Maxprofit Globe Holdings Limited (利達集團有限公司) ("Maxprofit"). At the time of the acquisition, Maxprofit held 100% equity interest in Bloom Trend International Industrial Limited which held 100% equity interest in Jiang Xi Chong De Real Estate Development Co., Ltd. which held the land use rights of Bluelake County in Nanchang. Before the acquisition by the Group, Maxprofit had no business activities except for holding land use rights. Accordingly, Maxprofit's activities did not constitute a business and the Group's intention of such acquisition was to acquire the land use rights held by Maxprofit for future property developments. Accordingly, such acquisition was accounted for as if it was an acquisition of the underlying land use rights and the cash flows were included in "properties under development for sale" within the operating activities in the consolidated statement of cash flows.

For the year ended 31 December 2013, the allocation of acquisition consideration were as follows:

	At the date of acquisition RMB'000
Properties under development for sale	263,770
Fair value of net assets	263,770
Purchase consideration settled in cash	263,770
Consideration payable	(60,000)
Net cash outflow on acquisition	203,770

31 BUSINESS COMBINATION

On 7 November 2014, the Group completed the acquisition of 60% equity interest of Guangzhou CYTSOTEL Real Estate Development Co., Ltd. (廣州青旅置業有限公司) ("CYTSOTEL"). The following table summarises the consideration paid for CYTSOTEL, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'000
Cash Consideration	15,000
Add: Non-controlling interest	10,000
Less: Goodwill	—
Fair Value of identifiable net assets	25,000

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment (Note 14)	358
Prepayment and other receivables	63,042
Cash and cash equivalent	15,109
Accrual and other payables	(53,509)
Total identifiable net asset	25,000

The carrying amounts approximate their fair values at the date of acquisition.

The revenue and net results contributed by CYTSOTEL during the period from 7 November 2014 to 31 December 2014 is not significant to the Group. If the acquisition had occurred on 1 January 2014, the Group's revenue and profit for the year ended 31 December 2014 would have no significant change.

	RMB'000
Purchase consideration settled in cash	15,000
Cash and cash equivalent in the subsidiary acquired	(15,109)
Net cash inflow on acquisition	(109)

32 COMMITMENTS

Capital Commitments

	2014 RMB'000	2013 RMB'000
Contracted but not provided for:		
Land	894,441	773,761
Property development expenditures	2,423,589	983,436
	3,318,030	1,757,197

The Company did not have any significant capital commitments as at 31 December 2014 (2013: Nil).

32 COMMITMENTS – continued

Operating Lease Commitments

At 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of office as follows:

	2014 RMB'000	2013 RMB'000
No later than one year	1,181	—
Later than one year and no later than 5 years	—	—
	1,181	—

The Company did not have any significant operating lease commitments as at 31 December 2014 (2013: Nil).

33 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:

	2014 RMB'000	2013 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	2,801,078	1,566,684

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 retain the legal title and take over the 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 fair value of financial guarantees is immaterial.

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 25) as at 31 December 2014. The directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

Same as disclosed above, the Group and the Company had no other significant contingent liabilities as at 31 December 2014 (2013: Nil).

34 BANKING FACILITIES AND PLEDGE OF ASSETS

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

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

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

35 EARNINGS PER SHARE

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

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

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

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2014 and 2013 has been retrospectively adjusted to reflect 1,199,999,800 ordinary shares issued upon capitalisation on 30 January 2014 as disclosed in Note 23.

36 RELATED PARTY TRANSACTIONS

The Group is controlled by Wong Yeuk Hung and Huang Ruoqing, who own 60% and 40% of the Company's shares respectively.

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

36 RELATED PARTY TRANSACTIONS – continued

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

Related parties	Relationship with the Company
Redco Industry (Jiangxi) Co., Ltd. 力高實業（江西）有限公司	A joint venture
Fujian Qunsheng Group Co., Ltd. 福建群盛集團有限公司	A non-controlling interest of a subsidiary
Chen Huaimei 陳懷美	A non-controlling interest of a subsidiary
Cheng Ming-Kam 鄭銘坤	A non-controlling interest of a subsidiary
Top Plan (HK) Limited 泰平（香港）有限公司	A non-controlling interest of a subsidiary
Nanchang Municipal Public Construction 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* 南昌市國資置業有限公司	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
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
Hefei Redco Asset Operation Management Co., Ltd. 合肥力高資產經營管理有限公司	A company controlled by Mr. Huang
Wong Yeuk Hung 黃若虹	A major shareholder and director of the Group
Huang Ruoqing 黃若青	A major shareholder and director of the Group

* for identification purposes only

36 RELATED PARTY TRANSACTIONS – continued

(a) Balances with related parties

The amounts due from/(to) related parties, non-controlling interests and shareholders and directors and a joint venture are subject to offsetting, legally enforceable master netting arrangements and similar agreements as shown below:

The Group

Maximum debit balance during the year	2014 RMB'000	2013 RMB'000
– Hefei Redco Asset Operation Management Co., Ltd.	—	26,553
– Fujian Hui Gao Investment Co., Ltd.	—	78,479
	—	105,032

	2014 RMB'000	2013 RMB'000	Nature
Amounts due to related companies			
– Heifei Redco Asset Operation Management Co., Ltd.	5,000	5,000	Non-trade
– Fuijian Hui Gao Investment Co., Ltd.	—	887	Non-trade
	5,000	5,887	
Amounts due from non-controlling interests			
– Top Plan (HK) Limited	168,615	176,615	Non-trade
– Cheng Ming-Karn	200	200	Non-trade
– Han Xiao Mei	9	—	Non-trade
	168,824	176,815	
Amounts due to non-controlling interests			
– Nanchang Municipal Public Construction Co., Ltd.	515,376	618,596	Non-trade
– Top Plan (HK) Limited	88,551	91,018	Non-trade
– Chen Huaimei	32,000	32,000	Non-trade
– Nanchang Guozi Zhiye Company Limited	113,531	—	Non-trade
	749,458	741,614	
Amounts due from shareholders and directors			
– Wong Yeuk Hung	—	79,478	Non-trade
– Huang Ruoqing	—	52,986	Non-trade
	—	132,464	
Amount due from/(to) a joint venture			
– Redco Industry (Jiangxi) Co., Ltd.	35,876	(22,687)	Non-trade

36 RELATED PARTY TRANSACTIONS – continued

(a) *Balances with related parties – continued*

The Company

	2014 RMB'000	2013 RMB'000	Nature
Amounts due from/(to) subsidiaries			
– Redco Properties Holdings Limited	379,000	199,000	Non-trade
– Hong Kong Wing Power Development Limited	1,495,116	—	Non-trade
– Redco Holdings (Hong Kong) Co., Limited	(107,356)	(11,513)	Non-trade
– Jiangxi Man Wo Property Development Co., Ltd.	—	(1,520)	Non-trade
	1,766,760	185,967	
Amount due to a shareholder and director			
– Wong Yeuk Hung	—	22	Non-trade

(b) *Transactions with related parties*

During the years ended 31 December 2014 and 2013, the Group had the following transactions with its joint venture.

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They were summarised as follows:

	Group 2014 RMB'000	2013 RMB'000
Sales of properties to a joint venture	57,240	—

36 RELATED PARTY TRANSACTIONS – continued

(c) Key management compensation

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

	2014 RMB'000	2013 RMB'000
Salaries, bonus and other benefits	5,088	1,176
Pension costs - defined contribution plan	217	142
	5,305	1,318

Save as disclosed above and the transactions and balances detailed in Notes 10 to the consolidated financial statements, the Group had no material transactions and outstanding balances with related parties during the years ended 31 December 2014 and 2013.

37 DIVIDENDS

	2014 RMB'000	2013 RMB'000
Interim dividend - nil (2013: RMB750,000) per share	—	150,000
Proposed final dividend - RMB4 cents (2013: RMB 5 cents) per share	64,000	80,000
	64,000	230,000

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

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

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

The consolidated financial statements do not reflect these dividend payables.

A summary of the results and of the assets and liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and the Company's prospectus dated 21 January 2014, is set out below:

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000
Revenue	1,528,300	1,355,999	1,550,942	2,984,586	3,502,804
Gross profit	328,244	269,134	458,164	966,127	946,257
Operating profit	264,204	168,074	322,613	825,822	694,442
Profit before income tax	265,566	162,229	316,361	829,335	703,540
Profit for the year	141,582	101,961	164,957	400,890	377,696
Attributable to:					
Equity holders of the Company	117,535	85,420	65,771	400,179	347,203
Non-controlling interests	24,047	16,541	99,186	711	30,493
	141,582	101,961	164,957	400,890	377,696
Non-Current Assets	357,819	339,531	338,880	285,470	299,181
Current Assets	3,422,142	4,517,028	5,602,505	7,716,116	9,271,681
Current Liabilities	2,760,613	3,257,266	4,199,468	5,790,284	5,263,074
Non-current Liabilities	520,300	934,693	907,989	1,059,797	2,266,314
Total Equity	499,048	664,600	833,928	1,151,505	2,041,474

PROPERTY PROFILE

Project	City	% of interest attributable to the Group	Actual/ Expected completion date	Address	Project type
Crown International	Nanchang	50%	Q4 2011	No.288 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	Residential and commercial
Crown Plaza Nanchang Riverside Hotel (Note)	Nanchang	50%	Q3 2011	Nos. 258 and 266 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	Commercial
Spain Standard	Nanchang	100%	Q4 2014	Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	Residential and commercial
Riverside International	Nanchang	100%	Q4 2014	Intersection of Binjian Road and Yujin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	Residential and commercial Residential and commercial
Bluelake County	Nanchang	100%	Q3 2016	South of Lian'an Road, East of Cheng'an Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	
Riverlake International	Nanchang	51%	Q2 2017	West of Chuangxin First Road, North and east of Planned Road, South of Provincial Academy of Scienes, Gaoxin District, Nanchang, Jiangxi Province, PRC	Residential and commercial
Imperial Metropolis	Nanchang	51%	Q4 2017	Lianhua Road, Nanchang County, Nan Chang, Jiangxi Province, PRC	Residential and commercial
Imperial Mansion	Nanchang	78%	Q4 2016	Lianhua Road, Nanchang County, Nan Chang, Jiangxi Province, PRC	Residential and commercial
Sunshine Coast	Tianjin	99%	Q4 2028	South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	Residential and commercial
Land Lot Nos. A1 and A2	Tianjin	99%	Q2 2018	Land Lot Nos. A1 and A2, Binhai Tourism District, Tianjin, PRC	Residential and commercial
Redco International	Jinan	100%	Q2 2014	North of Hanyuan Avenue, East of Tiyu West Road, Lixia District, Jinan, Shangdong Province, PRC	Residential and commercial
Splendid the Legend	Jinan	100%	Q2 2013	No.99 Sankongqiao Street, Tianqiao District, Jinan, Shangdong Province, PRC	Residential and commercial
Scenery Holiday	Jinan	100%	Q1 2012	No.111 Huayuan Road, Lixia District, Jinan, Shangdong Province, PRC	Residential and commercial
Sunshine Coast – Phase I	Yantai	100%	Q2 2016	East of Nongda Road, Gaoxin District, Yantai, Shangdong Province, PRC	Residential and commercial
Mix Kingdom Redco	Hefei	80%	Q2 2017	Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	Residential and commercial
Prince Royal Family	Hefei	100%	Q2 2017	East of Fengshan Road, south of Tianshui Road, Xinzhan District, Hefei City, Anhui Province, the PRC	Residential and commercial
Royal City - Phase I	Xianyang	70%	Q3 2017	Zhonghua West Road, Gaoxin District, Xiangyang, Shaanxi Province, PRC	Residential and commercial
Royal International	Shenzhen	51%	Q2 2016	Lot No. G11337-0095, Pingshan New District, Shenzhen, Guangdong Province, PRC	Residential and commercial

Note:

Crown Plaza Nanchang Riverside Hotel was held by 力高實業(江西)有限公司 (Redco Industry (Jiangxi) Co., Ltd.*), a joint venture of the Company as at the date of this report.

* for identification purposes only