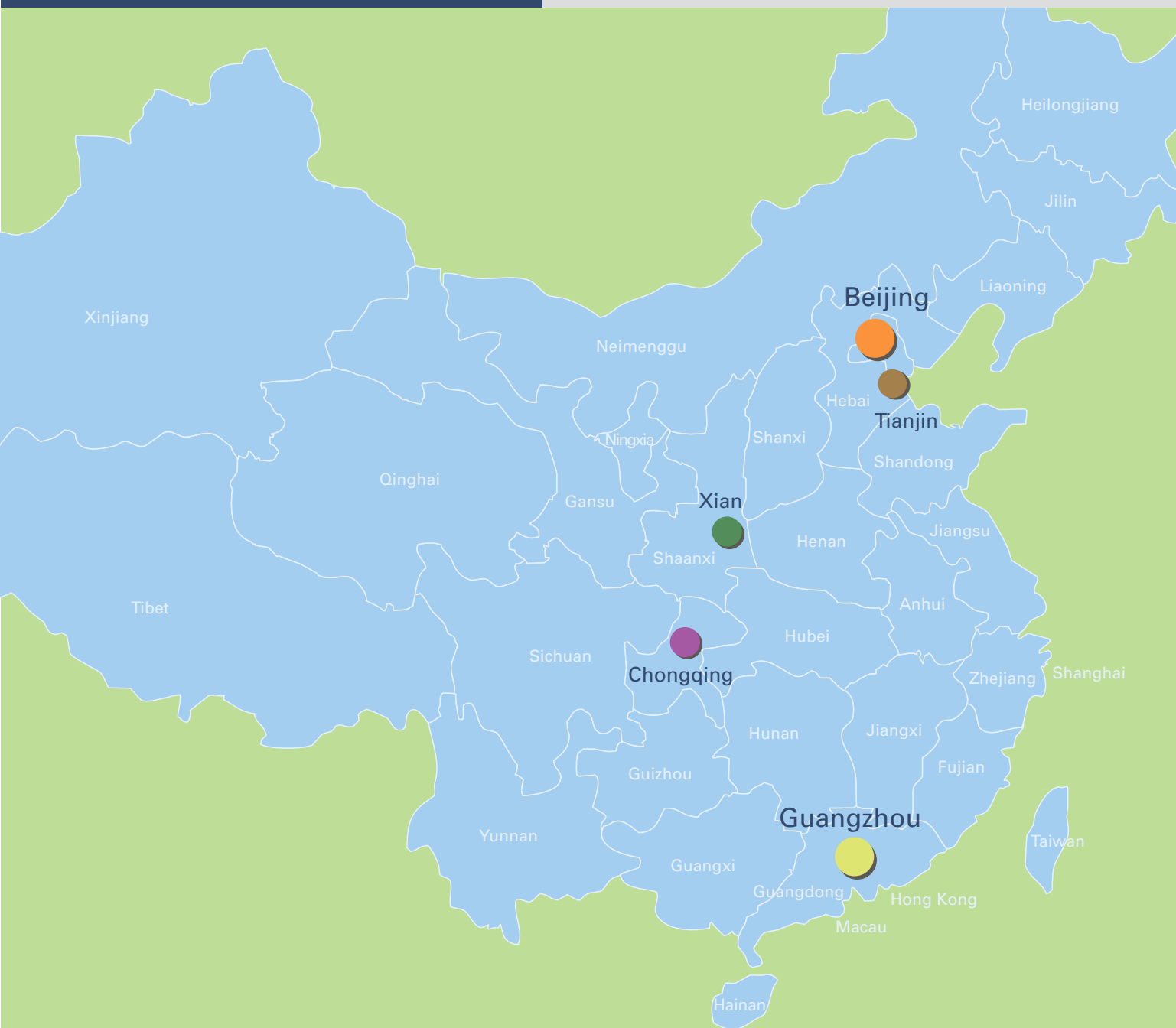




precise **Market Positioning,**
satisfying customers' needs



R&F Property in China



Location	No. of Project under development	Total GFA (sq. m.)	Land Bank as at 14 March 2006 (sq. m.)
Guangzhou	11	1,143,000	4,128,000
Beijing	4	870,000	3,080,000
Tianjin	1	318,000	926,000
Xian	1	140,000	980,000
Chongqing	0	0	230,000





Co-chairman & Chief Executive Officer Zhang Li

The hallmarks of our core competitiveness are the Group's speedy operation procedures, precise market positioning of its products, and effective deployment of financial resources, all built on well-co-ordinated teamwork. Our products are mainly middle to higher class residential properties, and our designs and layouts are aiming at to satisfy the varying requirements of a range of different customers.

Overview of the PRC Property Market

In 2005, China's economy continued its rapid growth. The gross domestic product ("GDP") in the People's Republic of China (the "PRC" or "China") reached RMB18,232.1 billion, which was a 9.9% surge over the previous year, while per capita disposable income of urban residents in cities and towns recorded a growth of 9.6%. The continuing growth in China's economy and the rise in the disposable income of its citizens will inevitably lead to a higher demand for quality housing.

During the year under review, the Chinese Government implemented a series of macro economic measures to counter act the overheated property market. These macro economic measures have helped stabilized market conditions and in the long run are expected to create a more balanced supply and demand situation and a healthier development of the property market.

Core Competitiveness

Since its establishment, the Group has implemented a highly efficient and competitive management and operation system. The hallmarks of this system are its speedy operational procedures, precise market positioning of its products and effective deployment of financial resources, all built on well-coordinated teamwork.

Each specific project development is made up of a series of operations that include site selection, land acquisition, conceptual planning, design, construction, sale and after-sales services. The Group has functional departments covering all these areas, so the whole development process can be undertaken internally.

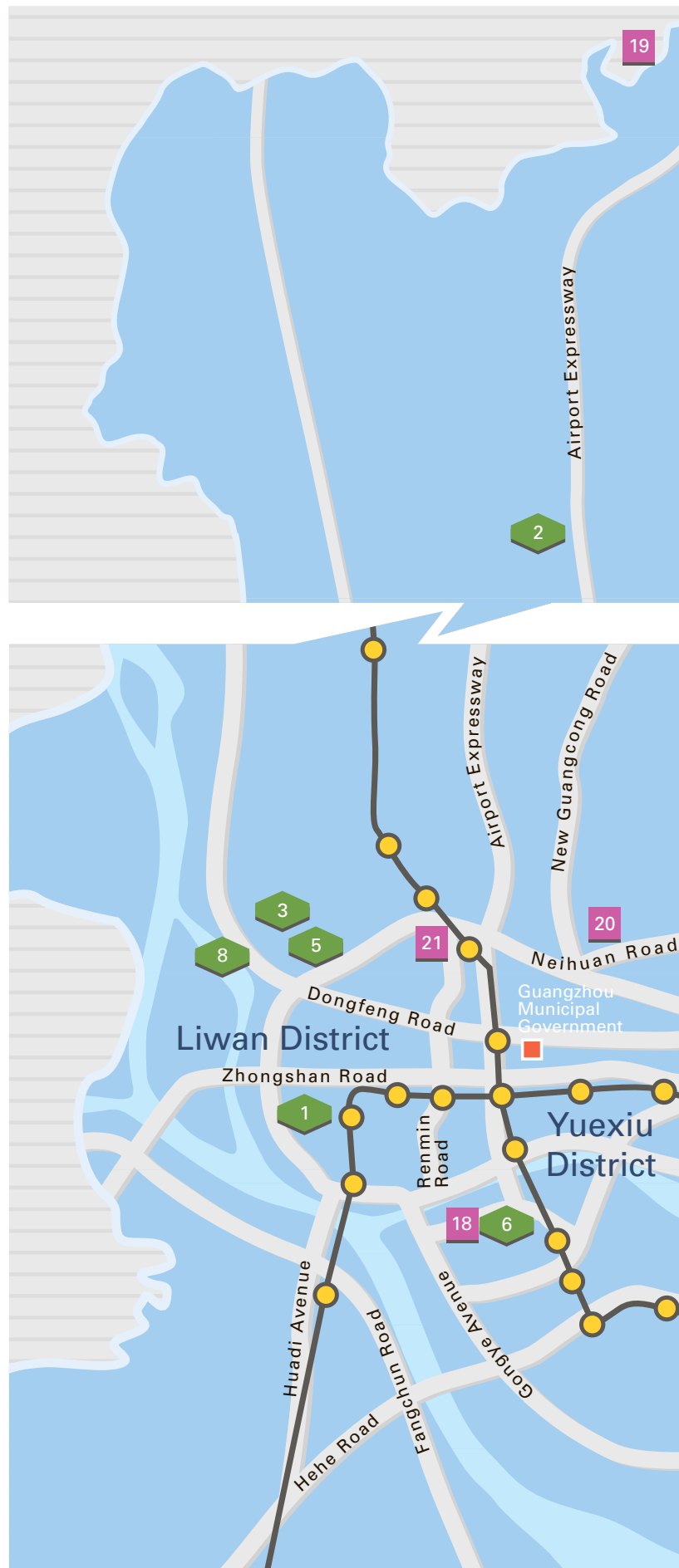
Guangzhou Properties

Under development

- 1 R&F Square (South Court)
- 2 Guangzhou R&F City
- 3 R&F Peach Garden
- 4 R&F Tianhe Prosperous Place
- 5 R&F West Garden
- 6 R&F Cairnhill Garden (Formerly: R&F Wealth Court)
- 7 R&F Oasis Court (Formerly: R&F Aristocratic House Phase III)
- 8 R&F Peninsula Garden
- 9 R&F Yinglong Plaza
- 10 R&F Yingli Building
- 11 R&F Edingburg International Apartment
- 12 R&F Center
- 13 Grand Hyatt Guangzhou
- 14 The Ritz-Carlton, Guangzhou
- 15 R&F Science Center

Not yet developed

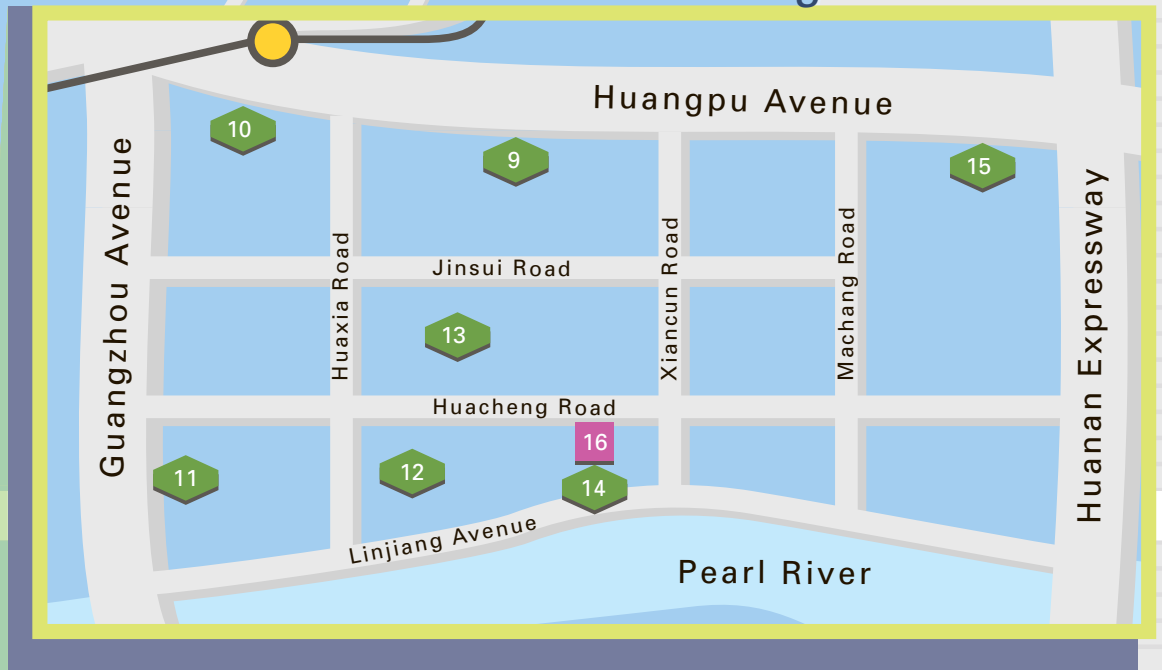
- 16 R&F International Commercial Centre (J2-5 Project)
- 17 R&F Jubilee Garden
- 18 R&F No. 2 Baogang Road Project
- 19 R&F Jingu City of Industry Project
- 20 R&F Huaguo Shan Project
- 21 R&F Liuhua Road Project





Airport

Pearl River New Town - Guangzhou CBD






Baiyun District

Tianhe District

Pearl River New Town

Haizhu District

Nanzhou Road

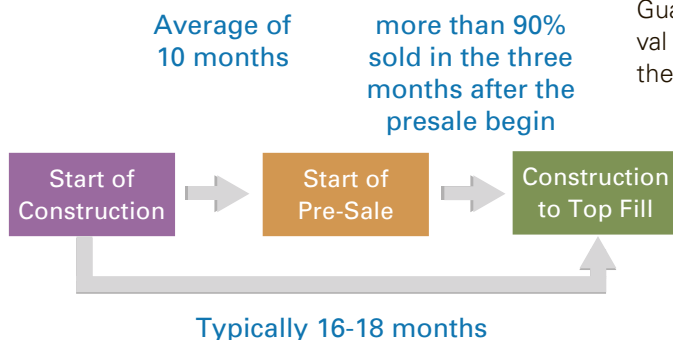
-  Subway Station
-  1 Under development
-  16 Not yet developed

During the development stage, different departments generally work in parallel in order to shorten the required development time schedule and speed up completion. Based on our past experience, the average time between commencement of construction and presale is approximately 10 months, and to completion and project delivery approximately 18 months.

The Group also benefits from its team spirit when it comes to business development and market expansion. When a new project is being developed, each department is responsible for its own duties but also actively and closely co-ordinate with other departments. When developing a new market, the Group seconds a team of highly experienced management staff to head the operation. Their experience and style of co-operation at home is transferred to the new markets, making for rapid development and an increasing market share.

The Group's products are mainly quality residential developments targeting customers in the middle to higher-middle income groups. The design styles and layouts of its products are aiming at to satisfying the varying requirements of a range of different customers. The Group's products have always been well positioned, and positively received in the market, a fact reflected by the Group's high pre-sale rate.

According to the past records, the Group has on average been able to pre-sell by more than 90% of its products in the three months after the presale begins. The Group's excellent reputation, is an aid to buyers needing to arrange mortgage finance and title registration. As a result, the Group typically receives 90% of the sale proceeds within the year of sale, funds which can be immediately re-deployed on other projects. This maximization of the use of working capital employment has lowered the Group's debt to equity ratio and reduced its financial costs.



Property Developments and Sales

The Group began in Guangzhou, and has more than ten years of development history in the city. We have also entered Beijing, Tianjin, Xian and Chongqing. As at 31 December 2005, the group had 39 development projects completed and under development with total gross floor area ("GFA") of 10,696,000 sq. m. of which 90% are residential development.

As at the end of 31 December 2005, the Group was developing 17 projects (excluding investment projects) across China, with eleven projects in Guangzhou, four in Beijing, one in Tianjin and one in Xian. The total GFA under development (excluding investment projects), was approximately 2,471,000 sq. m., representing an increase of 20.8% compared with GFA under development in 2004.

In 2005, the Group experience another recorded year in sales. Total GFA sold and delivered was approximately 864,759 sq. m. and sales turnover amounted to approximately RMB6.782 billion, an increase of 26.2% and 51.2% respectively compared to 2004. Of the total GFA sold, Guangzhou accounted for 533,677 sq. m. or turnover of RMB3,661 million and Beijing accounted for 331,082 sq. m. or turnover of RMB3,122 million. The Group's flagship projects are selling particularly well in Guangzhou & Beijing, and together they accounted for around 55.1% and 58.5% of the total GFA sold and total turnover respectively.

The Group develops its property projects in these cities in accordance with its overall plans and strategies. It concentrates on choosing sites located within the urban area and with good development potential. The Group also selects major anchorage sites as flagship projects within these cities. Each flagship project has a total GFA in excess of 500,000 sq. m. Examples of these flagship projects are the R&F Peach Garden and the R&F City in Guangzhou; the Beijing R&F City and the R&F Festival City in Beijing; the Tianjin R&F City in Tianjin and the Xian R&F City in Xian.

Projects under Development

Guangzhou

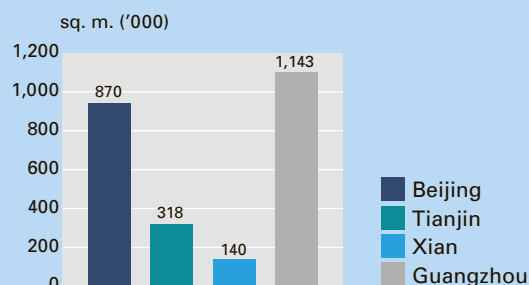
Guangzhou is a major economic centre in southern China and it is the most important city in the Pearl River Delta region. The total GDP of Guangzhou in 2005 was approximately RMB511.6 billion, an increase of approximately 13% as compared to last year. It is the third largest city in terms of GDP of all China's major cities.

The Group is very optimistic about the property development in Guangzhou, a city which will continue to be a major focal point of its business plans. With its adequate land reserves, superb quality products and services, strong market position, and excellent reputation, the Group expects to continuously increase its share in Guangzhou's property market.

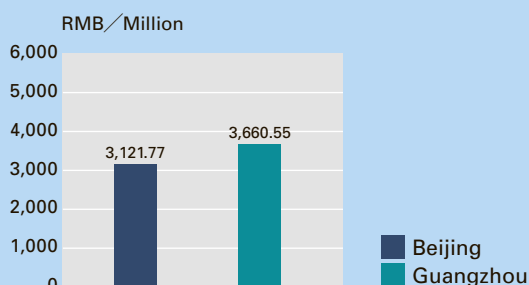
As at 31 December 2005, the Group had eleven projects (excluding investment projects), currently under development in Guangzhou with a total GFA of approximately 1,143,000 sq. m.

Projects Under Development (PUD)	11
PUD Total GFA	1,143,000 sq. m.
Land Bank Total GFA	4,128,000 sq. m.

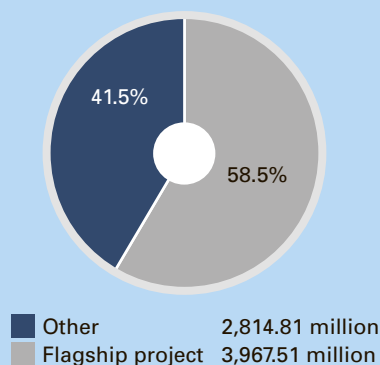
Total GFA of under development project as at 31/12/2005



2005 Sales Trend



2005 Sales Trend of Flagship Project



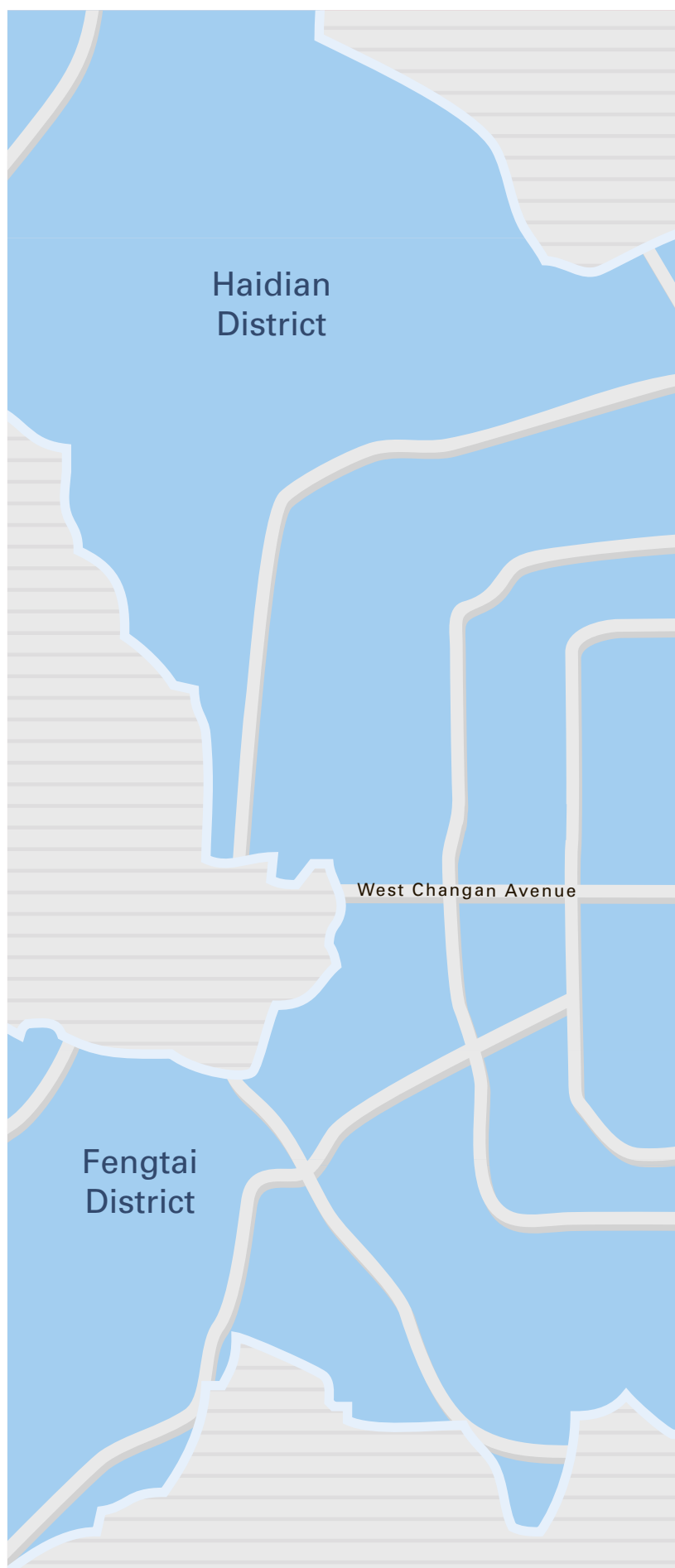
Beijing Properties

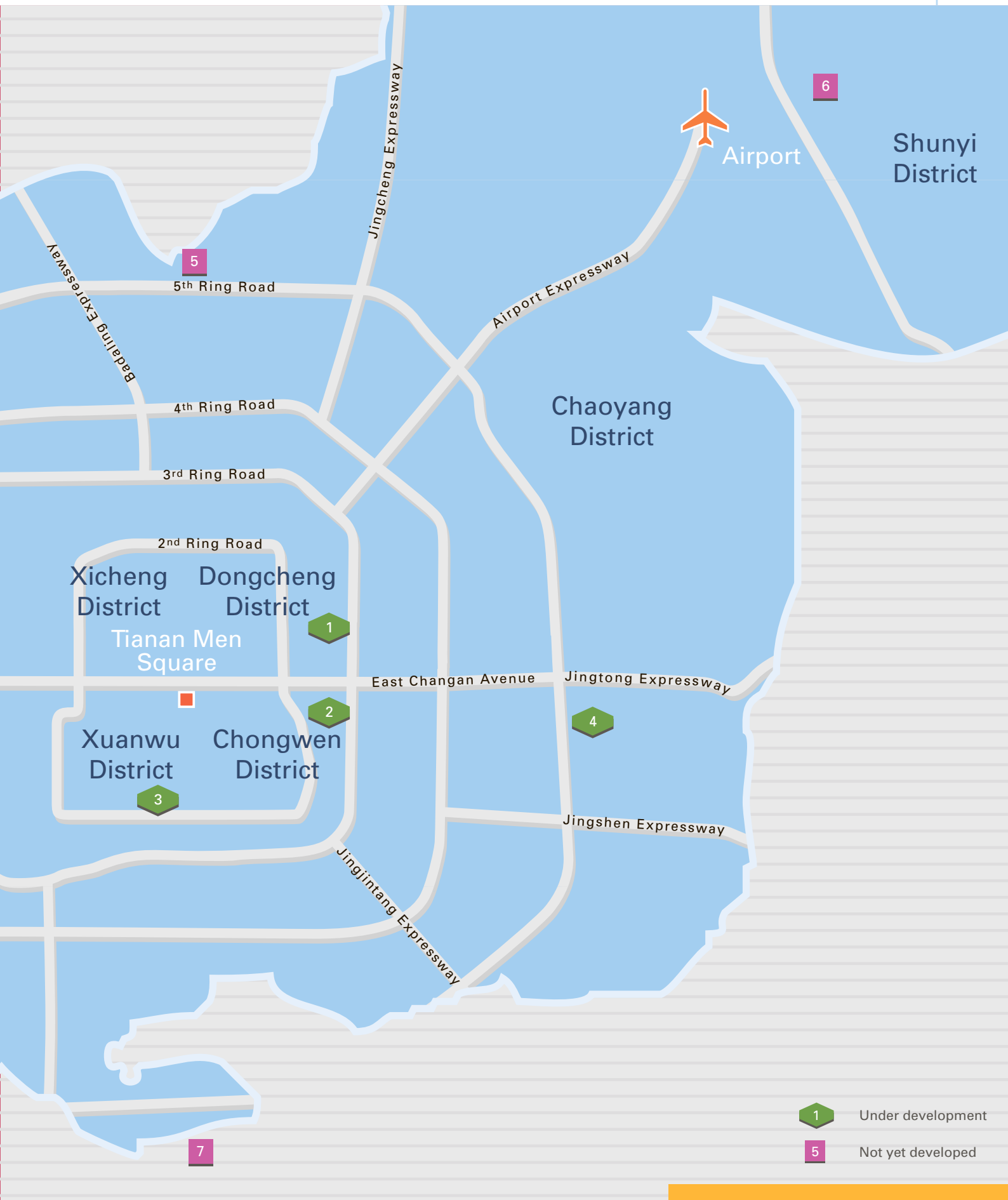
Under development



- 1 R&F Edingburg Apartment / Plaza
- 2 Beijing R&F City
- 3 R&F Xinran Court / Plaza
- 4 R&F Festival City

Not yet developed

- 5 R&F Xisanqi Construction Material City
- 6 R&F Shunyi Mapo Project
- 7 R&F Jingnan Green Life Community Project





 Under development
 Not yet developed