

Flagship Project

Tianjin R&F City

Tianjin R&F City is located in Laochengxiang, in the Nankai District of Tianjin which is the centre of future development.

The project is expected to provide approximately 4,000 residential units. Construction began in March 2005, with pre-sale in July 2005.

Total GFA is approximately **927,000** sq. m.





The site area is approximately 204,000 sq. m.

The total GFA is approximately 927,000 sq. m.

Approximately 698,000 sq. m. is for above-ground structure.

The entire project is expected to be completed in December 2008.

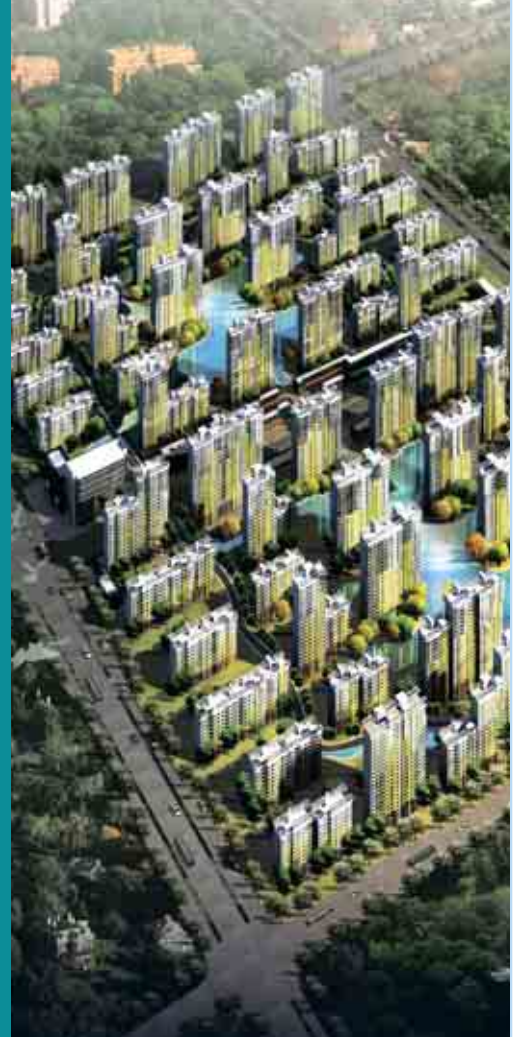
Flagship Project

Xian R&F City

In September 2005, the Group acquired a piece of land in Xian for RMB436 million. The site is situated at Beihuan Road in Changan District. The Group plans to use this land for a large-scale residential development. Changan District is located in the southern part of Xian, an area earmarked by the city government to be for future development. Construction began in December 2005 and units are expected to be released for pre-sale in the middle of 2006.

Total GFA is approximately **980,000** sq. m.





The site area is approximately 450,000 sq. m.

The total GFA is approximately 980,000 sq. m.

Approximately 860,000 sq.m is for above-ground structure.

The entire project is expected to be completed in four to five years.

Business Review (continued)

Property Sales

Most of the property projects developed by the Group are residential properties for sale. These properties aim at satisfying the needs and demands of middle to upper-middle income buyers for private use. Besides this, the Group has also diversified its business by developing office building, apartment building and shopping spaces for sale.

The Group is well recognized for paying special attention to the quality of its products and services. Its general market reputation has helped it achieve a selling rate of approximately 90% for all its developments at the pre-sale stage.

During the 12 months up to 31 December 2005, the Group had completed and delivered properties amounting to a total GFA of approximately 864,759 sq. m., for a total consideration of approximately RMB6,782 million.

Name of project	Approximate saleable GFA sold (sq. m.)	Approximate total value RMB (in million)	Interest attributable to the Group
Guangzhou			
R&F Aristocratic House II	76,289	503.98	100%
R&F Eastern Dynasty	74,826	580.69	100%
R&F Square (South Court)	8,404	62.24	100%
R&F Tycoon Place	17,363	122.93	100%
R&F Modern Plaza	153,534	969.94	100%
R&F Peach Garden (Phase I)	93,957	519.27	85%
R&F Peach Garden (Phase II)	51,599	326.47	100%
R&F Science Center	37,377	392.76	100%
R&F Square (East and West Count)	12,860	111.58	100%
R&F Aristocratic House Phase I (Office)	4,119	55.64	100%
Others	3,349	15.05	100%
Beijing			
Beijing R&F City	331,082	3,121.77	100%
Total	864,759	6,782.32	

According to the sale and purchase contracts signed with its customers, in the same period the Group sold properties amounting to a total GFA of 957,447 sq. m., for a total consideration of approximately RMB8,084 million. Of these, approximately 61% will be completed for delivery at the end of 2006.

Area	Approximate contracted saleable GFA sold (sq. m.)	Approximate total value RMB (in million)
Guangzhou	532,990	3,932
Beijing	338,306	3,540
Tianjin	86,151	612
Total	957,447	8,084

Projects under Development

As at 31 December 2005, the Group has projects under development with total GFA of approximately 3.3 million, of which the following projects are scheduled for completion before the end of 2006.

Area	To be completed 1st half 2006		To be completed 2nd half 2006		Percentage of sale in 2005
	Approximate total GFA (sq. m.)	Approximate above ground (sq. m.)	Approximate total GFA (sq. m.)	Approximate above ground (sq. m.)	
Guangzhou	91,000	76,000	543,000	452,000	38%
Beijing	39,000	36,000	1,179,000	807,000	31%
Tianjin	0	0	280,000	210,000	41%
Total	130,000	112,000	2,002,000	1,469,000	37%

According to the Group's development plan, part of the newly developed projects, such as highrise residential building and lowrise villas to be developed before June 2006 and December 2006 respectively, will be completed prior to the end of 2007. It is estimated that if those projects presently under development is added to the above new developments, the total GFA to be completed at the end of 2007 shall be approximately 2 million sq. m.

Investment Property

With the expansion of the Group's business operations have come plans for diversifying its future business development. Besides concentrating on developing residential properties for sale, the Group also intends to develop and retain as long-term investments some quality properties with excellent potential for capital appreciation. These investment developments are selected after careful study and consideration: once completed, the Group believes they will provide it with handsome income streams.

Completed Investment Properties

As at the end of 31 December 2005, the Group's had rental income from offices and shops on short-term leases amounted to approximately RMB24 million. In Beijing R&F City, the Group leased out commercial space of 23,751 sq. m. for a term of 20 years from January 2005, for an annual rental income of approximately RMB19 million.

Investment Properties under Development

Presently, the Group's investment properties under development in Guangzhou include The Ritz-Carlton, Guangzhou, Grand Hyatt Guangzhou and the R&F Center, an office building. The Group is also planning to develop investment properties such as shopping centers, office buildings and hotels in Beijing.

The Ritz-Carlton, Guangzhou

The Ritz-Carlton Guangzhou is located on a plot of land known as "J2-7" in Pearl River New Town, Tianhe District, Guangzhou. On the southern side of the hotel building is a new provincial museum and also facing the Pearl River. The site area of the project is approximately 7,000 sq. m., and the GFA of above ground structure is approximately 100,000 sq. m. This building is made up of a 160-meter tower which houses a 350-room hotel and 120 serviced apartments. The podium is used for restaurants and other recreational facilities for the hotel.

Development commenced in June 2004 and the project is scheduled for completion by the end of 2006. The Group expects the hotel to commence operations in early 2007.

Grand Hyatt Guangzhou

Grand Hyatt Guangzhou is located on a plot of land known as "F1-2", in Pearl River New Town, Tianhe District, Guangzhou. The site area of this project is approximately 10,000 sq. m., and the total GFA for above ground structure is approximately 120,000 sq. m. The building consists of two 100-meter towers: a 450-room hotel tower and an office tower. The podium is used for recreation and conference facilities, and includes a ballroom which can accommodate over 1,000 guests.

Grand Hyatt Guangzhou began development in June 2004 and should be completed by the end of 2006. The Group expects the hotel to commence operations in early 2007.

R&F Center

R&F Center is a 55-storey office building located on the southern side of Pearl River New Town, Tianhe District, Guangzhou. The building is located on top of a subway station (currently under construction), connecting to an exit of which is the interchange of subway lines no.3 and no.5. The site area of this project is approximately 8,000 sq. m. and the total GFA is approximately 160,000 sq. m., of which approximately 120,000 sq. m. is for office use. There will also be approximately 850 underground car park spaces.

R&F Center is designed as an intelligent building and utilizes the best modern building technologies. It is equipped with the latest electrical and mechanical fittings and the most up-to-date communication networks, making efficient use of space and providing high levels of comfort for users from both multinational and major Chinese corporations.

R&F Center began development in April 2004 and should be completed in late 2006, and should commence operations by early 2007. At that point, part of the building will be used as the Group's headquarters, and the rest will be leased to provide long-term rental income.

Land Bank

Since its listing, the Group has acquired nine pieces of land with a total GFA of 2,750,000 sq. m. in Guangzhou, Beijing, Tianjin and Chongqing by way of government land auction, listing for sale and private negotiation as follows:

Name of project	Location	Approximate site area (sq. m.)	Approximate total GFA (sq. m.)	Approximate above ground GFA (sq. m.)	Acquired date
Xian R&F City	Changan District, Beihsuan Road	450,000	980,000	860,000	September 2005
R&F International Commercial Center (J2-5)	Tianhe District, Guangzhou	8,000	160,000	120,000	October 2005
R&F No. 2 Baogang Road Project	Haizhu District, Guangzhou	13,000	130,000	130,000	December 2005
R&F Nanan Project	No. 59, Danzishi Sin street, Nanan District, Chongqing	80,000	230,000	230,000	January 2006
R&F Jubilee Garden	South of Binjiandong Road, Haizhu District, Guangzhou	33,000	180,000	150,000	January 2006
Tianjin R&F City Lot No. 7	Nankai District, West of Fast Road, Tianjin	47,000	279,000	210,000	January 2006
R&F Shunyi Mapo Project	Shunping Road, Mapo Town, Shunyi District, Beijing	223,500	158,000	120,000	January 2006
R&F Xisanqi Construction Materials City Project	Haidai District, Beijing	125,750	283,000	283,000	March 2006
R&F Jingnan Green Life Community Project	Pangge Zhuang Town, Dahsing District, Beijing	607,000	350,000	350,000	March 2006
Total		1,587,250	2,750,000	2,453,000	

Business Review (continued)

As at 14 March 2006, after adding newly-acquired land to its existing land bank, the Group's total land bank consisted of a GFA of approximately 9,345,000 sq. m., of which the above-ground GFA is approximately 7,802,000 sq. m. These land bank are located in Guangzhou, Beijing, Tianjin, Xian and Chongqing, each having a respective above-ground GFA of approximately 3,493,000 sq. m., 2,521,000 sq. m., 698,000 sq. m., 860,000 sq. m. and 230,000 sq. m.

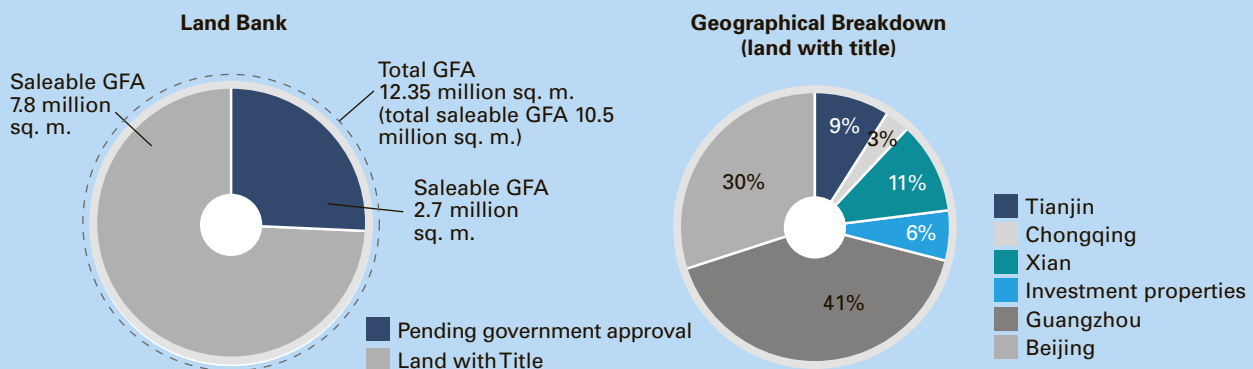
Land Bank (as at 14 March 2006)

Name of project	Approximate total GFA (sq. m.)	Approximate total saleable GFA above ground (sq. m.)			% Hold
		Total	Under development	Not yet developed	
Guangzhou					
R&F Square (South Court)	115,000	83,000	47,000	36,000	100%
Guangzhou R&F City	570,000	475,000	99,000	376,000	100%
R&F Peach Garden (Phase II)	557,000	428,000	154,000	274,000	100%
R&F Tianhe Prosperous Place	135,000	107,000	107,000		
R&F Artist Garden	27,000	24,000	24,000		100%
R&F Peach Garden (Phase I)	243,000	199,000	199,000		85%
R&F Cairnhill Garden (formerly R&F Wealth Court)	29,000	23,000	23,000		100%
R&F Oasis Court (formerly R&F Aristocratic House Phase III)	27,000	24,000	24,000		100%
R&F Yinglong Plaza	117,000	90,000	90,000		100%
R&F Yingli Building	119,000	63,000	63,000		100%
R&F Edingburg					
International Apartment	51,000	39,000	39,000		100%
R&F Center	162,000	121,000	121,000		100%
Grand Hyatt Guangzhou	115,000	78,000	78,000		100%
The Ritz-Carlton, Guangzhou	100,000	76,000	76,000		100%
R&F Peninsula Garden	41,000	39,000	39,000		100%
R&F Jubilee Garden	182,000	154,000		154,000	100%
R&F No. 2 Baogang Road Project	133,000	133,000		133,000	100%
R&F International					
Commercial Center (J2-5)	160,000	118,000		118,000	100%

Name of project	Approximate total GFA (sq. m.)	Approximate total saleable GFA above ground (sq. m.)			% Hold
		Total	Under development	Not yet developed	
R&F Huaguo Shan Project	19,000	14,000		14,000	100%
R&F Jingu City of Industry Project	1,094,000	1,094,000		1,094,000	100%
R&F Lihua Road Project	132,000	111,000		111,000	100%
Beijing					
Beijing R&F City (Phase III)	367,000	250,000	228,000	22,000	100%
Beijing R&F City (Phase IV)	81,000	59,000	21,000	38,000	100%
Beijing R&F City Commercial Building	290,000	190,000	132,000	58,000	100%
R&F Edingburg Apartment/Plaza	174,000	135,000	57,000	78,000	100%
R&F Xinran Court/Plaza	255,000	195,000	105,000	90,000	100%
R&F Festival City	1,123,000	940,000	223,000	717,000	100%
R&F Shunyi Mapo Project	158,000	120,000		120,000	97%
R&F Xisanqi Construction Material City Project	282,000	282,000		282,000	100%
R&F Jingnan Green Life Community Project	350,000	350,000		350,000	100%
Tianjin					
Tianjin R&F City No. 5-6	648,000	488,000	229,000	259,000	100%
Tianjin R&F City No. 7	279,000	210,000		209,000	100%
Xian					
Xian R&F City	980,000	860,000	140,000	719,000	100%
Chongqing					
R&F Nanan Project	230,000	230,000	0	230,000	100%
Total	9,345,000	7,802,000	2,318,000	5,482,000	

Business Review (continued)

Pending government approval and registration procedures, the Group is in the process of acquiring additional land bank with total GFA of approximately 3 million sq. m. of which the saleable GFA is 2.7 million sq. m. Subject to completion of all procedural matters, the Group shall have a total land bank of total GFA approximately 12.35 million sq. m.



Property Related Business

Design

Guangzhou Residential Architecture Design Institute Co. Ltd., a Grade A architectural and engineering design subsidiary is wholly owned by the Group. This company is responsible for most of the design works for projects developed by the Group. Its business activities include conceptual planning, architectural and engineering design, landscaping, interior design, and producing detailed drawings for construction use. The company is capable of devising products with floor layout and interior designs precisely meet the requirements and needs of the group's customers.

The company employs a total of 122 professional staff, including architects, structural engineers, interior designers and other engineers, all with many years of relevant experience. In 2005, the company completed projects with a total GFA of 900,000 sq. m..

Engineering Supervision

Guangzhou Tianfu Construction Engineer Supervision Co., Ltd. is a subsidiary of the Group. Its primary responsibility is monitoring and controlling the quality of buildings constructed by contractors, and ensuring they meet the Group's requirements. Such that quality and cost control aspects of the group is further assured. Its professional services involve the supervision of building construction structural engineering, electrical and mechanical engineering, piping and drainage, road works, geological & hydraulic engineering, landscaping, interior fitting, building management and building economics.

The company has a total of 49 qualified engineers including certified supervisory engineers, certified structural engineer and other qualified engineers and professional staff. All of them have many years of relevant working experience.

Property Management

The Group has two wholly-owned subsidiary companies which provide the Group with most of the property management services, namely Guangzhou Tianli Properties Development Co., Ltd. and Beijing Hengfu Property Management Co., Ltd. Guangzhou Tianli Properties Development Co., Ltd. is a Class A property management company as awarded by the Ministry of Construction.

The Group recognizes the importance of its property management companies for providing services that keep its customers satisfied, meet their needs and resolve their problems. In return, these companies manage to obtain, by random sampling, much valuable data and first-hand market information from residents. The Group benefits greatly from this first handed information, which it uses in planning new developments.

Property Agency

To supplement the Group's business strategies, the Guangzhou R&F Meihao Properties Development Co., Ltd. was founded in November 2003. The company is mainly responsible for planning marketing strategies, conducting market research and feasibility studies, pre-planning and marketing of commercial space for lease, and acting as agent for second-handed properties.

The Group has an integrated set of functional departments carrying all operations required for the property development business.

