

Overview of the PRC Property Market In 2006, the economy of China experienced rapid and steady growth. Gross Domestic Product ("GDP") reached RMB20,940.7 billion, which was a 10.7% increase over the previous year. It is expected that the economy of China will maintain steady growth in 2007.

To address excessive capital investment in the property market and the escalation of property prices, the Chinese government implemented a series of macro-economic measures in 2006. The implementation of these policies had a sound effect on the property market. However, they also created a foundation for the continuation of a healthy property market.

Sale Properties As at the end of 31 December 2006, excluding investment projects, the Group had 19 projects under development across China, including Guangzhou, Beijing, Tianjin, Xian and Chongqing.

Location	Number of projects	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Guangzhou	10	1,540,000	1,023,000
Beijing	5	748,000	565,000
Tianjin	1	420,000	336,000
Xian	1	276,000	203,000
Chongqing	2	585,000	382,000
Total	19	3,569,000	2,509,000

Total GFA under construction is approximately 3,569,000 sq.m., an increase of 44.4% as compared with 2005. According to its construction schedule, the Group expects the total GFA to be completed in 2007 will be as shown in the chart on the following page.

Location	To be completed in 1st half 2007		To be completed in 2nd half 2007		Percentage of sales in 2006
	Approximate total GFA sold (sq.m.)	Approximate saleable area sold (sq.m.)	Approximate total GFA sold (sq.m.)	Approximate saleable area sold (sq.m.)	
Guangzhou	126,000	102,000	878,000	670,000	37%
Beijing	246,000	208,000	448,000	301,000	46%
Tianjin	132,000	106,000	160,000	110,000	55%
Xian	-	-	161,000	115,000	36%
Total	504,000	416,000	1,647,000	1,196,000	42%

Sales of Completed Properties

In 2006 the Group achieved another record year in turnover. Total GFA sold and delivered was approximately 1,025,000 sq.m., and sales turnover amounted to approximately RMB10,108 million, an increase of 18.9% and 49% respectively compared with 2005. The following table gives a breakdown of saleable area, turnover and percentage attributable to the Group in each of these projects.

Location/ Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB million)	Percentage attributable to the Group
Guangzhou			
R&F Peach Garden Phase I	116,000	798.74	85%
R&F Peach Garden Phase II	68,000	569.84	100%
Guangzhou R&F City	40,000	211.29	100%
R&F Prosperous Place	64,000	692.14	100%
R&F Ying Long Plaza	91,000	1,265.12	100%
R&F Edinburgh International Apartment	23,000	392.87	100%
R&F Square (South Court)	47,000	410.13	100%
R&F Cairnhill Garden (formerly R&F Wealth Court)	24,000	189.34	100%

Location/ project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB million)	Percentage attributable to the Group
R&F Oasis Garden (formerly R&F Aristocratic House Phase III)	25,000	168.62	100%
R&F Modern Plaza - Jiaxin Commercial Center	12,000	292.66	100%
Others	11,000	123.91	100%
Beijing			
Beijing R&F City	238,000	2,652.60	100%
R&F Festival City	74,000	453.20	100%
R&F Xinran Court/Plaza	33,000	335.06	100%
R&F Edinburgh Apartment/Plaza	44,000	715.93	100%
Tianjin			
Tianjin R&F City	115,000	836.66	100%
Total	1,025,000	10,108.11	

Note: For accounting purposes and in accordance with HKFRS, revenue from sales of properties shall be recognized upon completion of a sales agreement. Deposits and instalments received on properties sold prior to their completion are accounted for as current liabilities under "deposits received on sale of properties". Completion of the sales agreement means the property is ready for delivery to buyers.

Of the sales recorded during the year, the Group's flagship projects sold particularly well in all the cities; together they accounted for approximately 56.3% and 50.1% of the total saleable area sold and total turnover respectively.

The year 2006 was an important year for the Group. Its diversification strategy for extending its business into the commercial sectors began to crystallize. Although the Group continued to develop residential properties as its major line of business, it actively diversified its business to include other segments of the property market such as office

buildings, shopping malls, service apartments and hotels. Most of these projects are for sale but a fair portion will be retained by the Group as long term investment properties. It is anticipated that the Group's diversification strategy will have a positive impact on its future development and profitability.

In 2006 the total saleable area sold and turnover related to commercial projects accounted for approximately, 16.8% and 26.4% of the total saleable area sold and amount of turnover respectively.

Projects under Development

Guangzhou

Guangzhou is a major economic centre in southern China and the most important city in the Pearl River Delta region. The total GDP of Guangzhou in 2006 was approximately RMB606.8 billion, an increase of approximately 14.7% as compared with 2005. It is the third largest city in terms of GDP of all China's major cities.

As the home base of the Group, Guangzhou made a significant contribution towards the business results of the Group. The Group will continue to view Guangzhou as an important area for its future business development. It is believed that with the advantages of accumulated experience and the Group's recognition, its superb quality and diversified product and service mix, the Group will be able to continue its leading market position in Guangzhou.

In 2006, of all the projects developed by the Group, the Group's flagship projects such as R&F Peach Garden and Guangzhou R&F City sold particularly well, as did such projects as R&F Prosperous Place, R&F Oasis Court, R&F Cairnhill Garden, R&F Edinburgh International Apartment and R&F Ying Long Plaza. All of these projects were completed in 2006. The Group is also in the development stage with new projects such as R&F Jubilee Garden, R&F Ying Li Plaza and R&F Jin Gang City.

As at 31 December 2006, the Group had ten projects (excluding investment projects), currently under development in Guangzhou with a total GFA of approximately 1,540,000 sq.m. Of the total GFA under construction, 86% and 14% are residential properties and commercial properties respectively.

Beijing

Beijing is the political, economic and cultural centre of China. The total GDP of Beijing in 2006 was

approximately RMB772.03 billion, an increase of approximately 12% over 2005. It ranked second in GDP among all cities in China.

Ever since the Group entered the Beijing property market in early 2002, its business has developed rapidly. Capitalizing on its experience and the resources gained in past years, the Group has developed a number of projects, including R&F City, R&F Festival City, R&F Edinburgh Apartment/Plaza and R&F Xinran Court/Plaza. All these projects have inherited the architectural characteristics and product quality of the Group, and their completion will make them landmarks in the areas where they are situated. As a result, R&F has become a household name known to everyone in Beijing. Given the heavy demand for property in Beijing together with the impact of the 2008 Olympic Games to be hosted there and its position as the political, economical and cultural centre of China, the Group regards the Beijing property market as one of its most important markets.

As at 31 December 2006, the Group had five projects under development with a total GFA of approximately 748,000 sq.m. Of all the GFA under construction, approximately 59% is for residential properties and approximately 41% for commercial properties.

Tianjin

Tianjin is the economic centre of northern China and an international harbour city. In economic terms, it is also one of the fastest-growing cities in China. Its total GDP in 2006 was approximately RMB433.77 billion, an increase of approximately 14.4% as compared with 2005. Its GDP ranked sixth among all cities in China.

Since March 2005, the Group has been duplicating the experience it gained from Beijing R&F City and applying it to Tianjin R&F City, leading to an encouraging and satisfactory result. During 2006, in addition to Lot Number 7 of Tianjin R&F City, the Group managed to

acquire another two pieces of land in a prime area of Tianjin. The acquisition of these three pieces of land laid the cornerstone of the Group's future business in Tianjin. It is believed that the development of the Group's business in the city in the years to come is ensured.

As at 31 December 2006, The Group had one project under development in Tianjin with a total GFA of approximately 420,000 sq.m. under construction, of which approximately 93% is for residential properties and 7% is for commercial properties.

Xian

Xian is the capital city of Shaanxi Province. With a total population of 8.23 million, it is one of the largest cities in north-western China. Xian is one of China's most famous tourist destinations and one of the most important cities for development in the western region of the country. The successful economic development of Xian will be seen as a positive indicator for other cities in western China. Xian's total GDP in 2006 was approximately RMB145 billion, an increase of approximately 14.2% as compared with the previous year.

In 2006, the Group started the construction of Xian R&F City. The sale of the Xian R&F City project began in September, and the first phase is expected to be completed for delivery in the second half of 2007.

Chongqing

Chongqing is located in the south-western part of China, upstream from Sanxia (The Three Gorges). It is the fourth municipality after Beijing, Tianjin and Shanghai to report directly to the State Council. Chongqing is an important industrial city in western China, specializing in heavy industry. In 2006, its total GDP was approximately RMB348.62 billion, an increase of 12.2% as compared with 2005. The importance of the geographical location of Chongqing

will make it the focal point for economic development in the south-western part of China.

After acquiring a piece of land in the first half of 2006 for the development of Chongqing R&F Modern Plaza, Chongqing R&F City (Lot No.1), the Group acquired another three pieces of land there in the later part of 2006 for the development of R&F Ocean Square and Chongqing R&F City (Lot No.2 and 3). All of this land will be developed into massive development projects, comprising residential and commercial properties. It is expected that these projects will make a significant contribution to the results of the Group.

As at 31 December 2006, the Group had two projects under development in Chongqing, with a total GFA of 585,000 sq.m. The construction of these projects commenced in 2006.

Hainan

Hainan is the second largest island of China and is located in the southernmost part of the country. Regarded as the southern doorway of China, the Island has a total population of seven million. Since the 1980s, the Chinese government has been encouraging economic development throughout the country and particularly the southern region coastal areas. Of all the special economic zones that were created then, Hainan was the largest. In the 1990s, Hainan began making use of its geographical position and favourable climate to develop a tourism industry. Today, millions of Chinese and international tourists come to visit the island each year. Recognizing the long-term economic potential of Hainan, the Group is optimistic about opportunities in real estate development and tourism on the Island.

In November 2006, the Group acquired a plot of land in Xiangshui Bay, Hainan. The land comprises a total site area of 867,000 sq.m. with total GFA of 210,000 sq.m., on which the Group plans to develop a residential compound and a commercial complex with tourism facilities.

Development Projects at a Glance

(As at 31st December 2006)

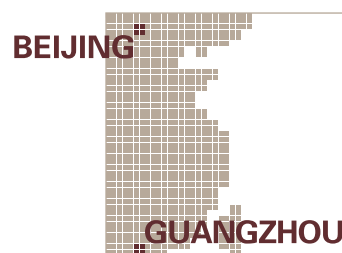
Guangzhou (including neighbouring areas)

- 1 R&F Peninsula Garden
- 2 R&F West Garden
- 3 R&F Peach Garden (Phase 1 and 2)
- 4 R&F Square (South Court)
- 5 Guangzhou R&F City
- 6 R&F Tianhe Prosperous Place
- 7 R&F Cairnhill Garden
(formerly R&F Wealth Court)
- 8 R&F Oasis Court
(formerly R&F Aristocratic House Phase 3)
- 9 R&F Ying Long Plaza
- 10 R&F Jin Gang City
- 11 R&F Lihua Road Project
- 12 R&F Jubilee Garden
- 13 R&F Golden Jubilee Garden
(formerly No.2 Baogang Road Project)
- 14 R&F Ying Li Plaza
- 15 R&F Edinburgh International Apartment
- 16 Pearl River New Town M1-4 Project (excluding the Galaxy, Guangzhou Marriott Executive Apartments)
- 17 Pearl River New Town M1-9 Project
- 18 R&F Ying Feng Plaza
(formerly Pearl River New Town A3-1 Project)
- 19 R&F Ying Xin Plaza
(formerly Pearl River New Town B1-5 Project)
- 20 R&F International Commercial Centre
(formerly Pearl River New Town J2-5 Project)
- 21 Jinshazhou Project
- 22 R&F Ying Tai Plaza
(formerly Pearl River New Tower D1-1 Project)
- Huizhou Jiangbei Project

- 23 R&F Center
- 24 Grand Hyatt Guangzhou
- 25 The Ritz-Carlton, Guangzhou
- 26 Pearl River New Town J1-1 Project
- 27 Huaguo Shan Project
- 28 The Galaxy, Guangzhou Marriott Executive Apartments

Beijing

- 29 Beijing R&F City (excluding commercial complex)
- 30 R&F Edinburgh Apartment/Plaza
- 31 R&F Xianran Court/ Plaza
- 32 R&F Festival City
- 33 R&F Bay Shore (formerly Shunyi Mapo Project)
- 34 R&F Peach Garden (formerly Xisanqi Project)
- 35 R&F Danish Town (formerly Jingnan Green Community Project)
- 36 Beijing R&F City - Commercial Complex
 - R&F Shopping Mall
 - R&F Centre
 - Renaissance Beijing Capital Hotel



● Property developments for sale ■ Investment properties

Guangzhou



Beijing



- Major Landmark
- Metro Station
- Railway

Chongqing

- 37 R&F Ocean Square
- 38 R&F Modern Plaza
(formerly Nanan Project)
- 39 Chongqing R&F City
(formerly University Town Project
Lots No.1, 2 and 3)

Xian

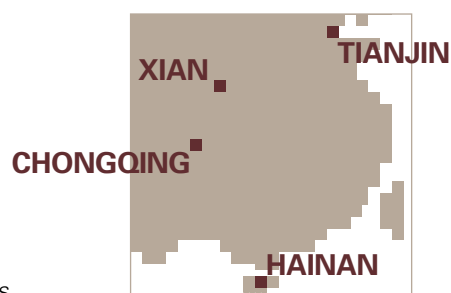
- 40 Xian R&F City

Tianjin

- 41 Tianjin R&F City
- 42 R&F Bay Shore
- 43 R&F Peach Garden

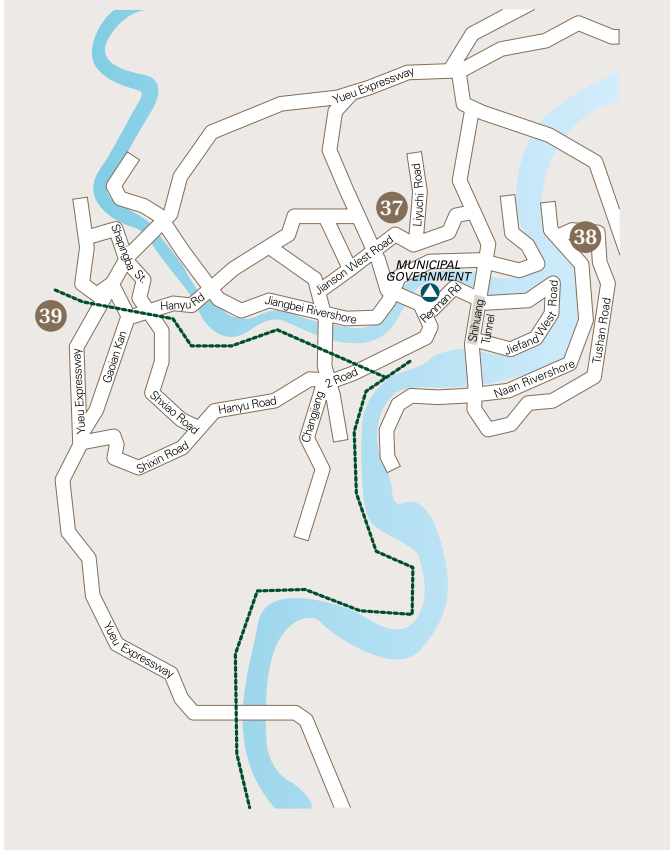
Hainan

- 44 R&F Bay Shore

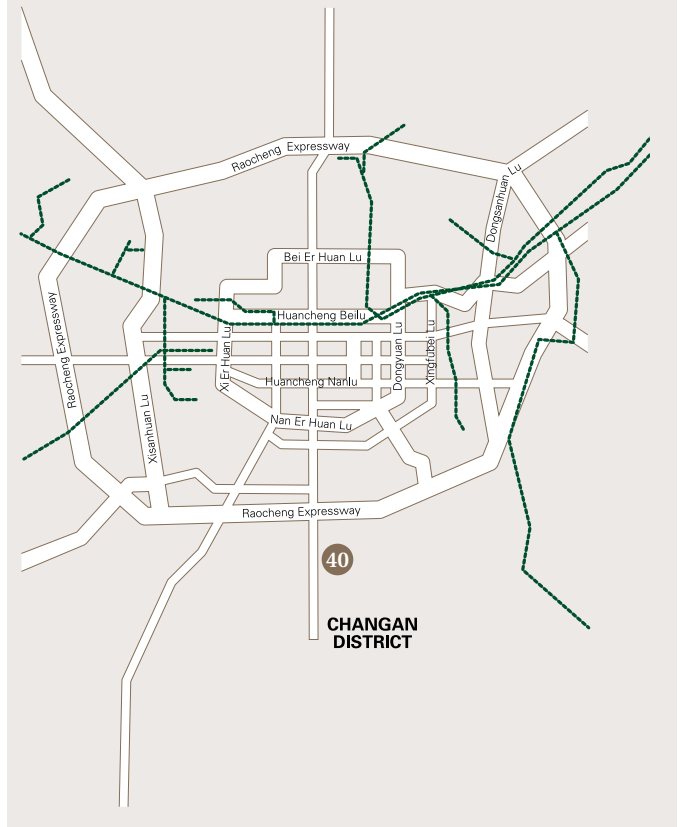


● Property developments for sale ■ Investment properties

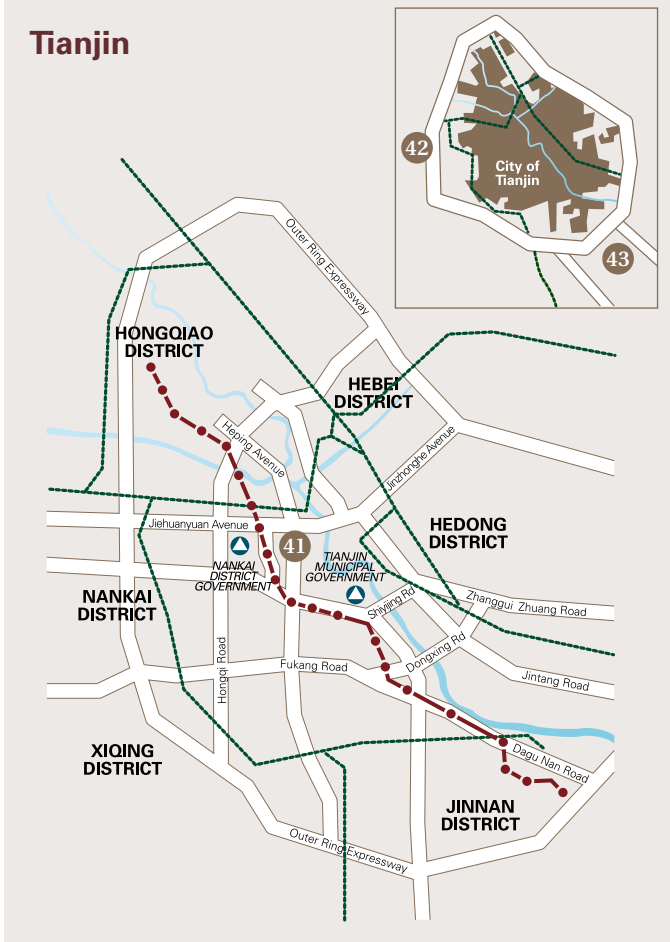
Chongqing



Xian



Tianjin



Hainan



Flagship Projects



Guangzhou R&F Peach Garden

This is the first flagship project of the Group in Guangzhou. Construction of the project commenced in February 2003. The project is divided into five zones. It is expected that the entire project will be completed at the end

of 2008. As at 31 December 2006, zone A and B have been completed, and the remaining parts of the project in zone-C, zone-D and zone-E are still under construction.



Beijing R&F Festival City

As at 31 December 2006, zone-A and part of zone-B of this project were under construction. Construction on the remaining portion, which consists of part of zone-B and zone-C, has not begun, but the entire project is expected to be completed at the end of 2009.



Guangzhou R&F City

As at 31 December, zone-A, zone-B, zone-C and zone-D of the Southern District of Guangzhou R&F City are under construction. The zone-E, zone-F and zone-G of the Northern District have not been developed. It is expected that the entire project will be completed in 2008.



Tianjin R&F City

As at 31 December 2006, buildings located within Lot No. 5 of Tianjin R&F City had been nearly developed and delivered. The buildings presently under construction are located within Lot No. 6. The development of Lot No. 7 has not yet begun, and it is expected that the entire project will be completed at the end of 2009.



Guangzhou R&F Jin Gang City

Located near the Guangzhou Baiyun Airport, this project has a total GFA of approximately 1.3 million sq.m. of which approximately 625,000 sq.m. are planned for the development of a logistics centre and related services.

The remaining portion will be developed into a multi-use project, including residential apartments, a hotel and others.



Xian R&F City

As at 31 December 2006, construction on zone-A and zone-B of this project had started. Development of zone-C and zone-D have not begun, and it is expected that the entire development will be completed in four to five years.



Beijing R&F City

As at 31 December 2006, most of the first three phases of this development have been completed and delivered. Only a minor portion of phase 3 and phase 4 remain to be completed in the project.



Chongqing R&F City

In 2006, the Group acquired three sites for the development of this project. The project has a site area of 2.41 million sq.m. with total GFA of 6.8 million sq.m. Development plans for this include a massive residential and commercial estate.

Contracted Sales

In 2006, contracted sales of the Group were derived from projects located in Guangzhou, Beijing, Tianjin and Xian. The flagship projects in these four cities have made significant contributions towards the results of the Group, as have the commercial projects in each of these cities.

In 2006, the Group maintained excellent contracted sale records in Guangzhou and Beijing. Total sales in terms of GFA in Guangzhou and Beijing were approximately 590,000 sq.m. and 381,000 sq.m. respectively, an increase of 10.7% and 12.6% as compared with the total amount of GFA sold in 2005. The value of contracted sales in Guangzhou and Beijing was RMB6,093 million and RMB3,814 million respectively, an increase of 55% and 7.7% as compared with last year.

The Group also achieved excellent results with Tianjin R&F City. Total contracted sales in terms of GFA were 181,000 sq.m., which amounted to RMB1,474 million for an increase of 110% and 141% respectively, as compared with last year.

Sales at Xian R&F City began in September 2006. The project presented a completely fresh idea in housing to local residents in Xian, who received it with great enthusiasm. Total contracted sales, in terms of GFA, were approximately 41,000 sq.m.

According to the sale and purchase contracts signed with customers, the Group sold properties in 2006 amounting to a total GFA of 1,193,000 sq.m., for a total consideration of approximately RMB11,558 million. Approximately 47.9% of the sales were related to properties completed in 2006 and 46.4% related to properties to be completed for delivery before the end of 2007.

Location	Approximate saleable area sold (sq.m.)	Approximate total value (RMB million)
Guangzhou	590,000	6,093
Beijing	381,000	3,814
Tianjin	181,000	1,474
Xian	41,000	177
Total	1,193,000	11,558

Investment Properties With the implementation of its diversification strategy, commercial property has become more important in terms of its contribution to the Group's results. During the planning stage of a commercial project, the Group will examine its location and consider whether that project should be developed for sale or as a long-term investment. Of all the commercial properties developed by the Group, the majority are for sale. The properties held for long term investment are selected after careful study and consideration, as these properties have excellent potential for capital appreciation and generating steady recurrent income.

Completed Investment Properties

As at the end of 31 December 2006, the Group earned rental income from offices and shops on short and long term leases. Rental revenue amounted to approximately RMB 78.66 million as compared with RMB43.38 million in 2005.

The Group has a property in Beijing R&F City with an area of approximately 24,000 sq.m. on lease to a supermarket for a term of 20 years from January 2005. The annual rental income from this property is approximately RMB19 million. A property located in R&F Modern Plaza, Guangzhou with an area of 26,000 sq.m. has been leased to a supermarket chain for 20 years at an annual rental of approximately RMB14 million.

Investment Properties under Development

As at 31 December 2006, the Group had a number of investment properties under development located in Guangzhou and Beijing.

Name of property	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	5-star Hotel 350 rooms and 92 service apartments*	104,000
Grand Hyatt Guangzhou	Pearl River New Town F1-2	5-star Hotel 450 rooms and an office tower	115,000
R&F Center	Pearl River New Town J1-4	A 55-storey office building	163,000

* the number of units has been reduced, as a result of building larger apartments.

Name of property	Location	Description	Approximate total GFA (sq.m.)
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	5-star Hotel 540 rooms	59,000
R&F Center	Beijing R&F City	Office building	60,000
R&F Shopping Mall	Beijing R&F City	Shopping mall	171,000

It is expected that The Ritz-Carlton, Guangzhou, Grand Hyatt Guangzhou and the R&F Center will be completed in the third quarter of 2007. In Beijing, the investment property under development within Beijing R&F City, namely, R&F Centre, is expected to be completed in 2007, and R&F Shopping Mall and Renaissance Beijing Capital Hotel will be completed in 2008. All of these projects will begin to generate income in 2007 and 2008.

Investment Projects under Planning

Other than the projects under development, the Group is planning to develop a number of new projects for investment purposes. These projects will be developed within the major projects of the Group.

Name of property	Location	Description	Approximate total GFA (sq.m.)
Holiday Inn Airport Guangzhou	Guangzhou R&F Jin Gang City	4-star Hotel 280 rooms	34,000
Peal River New Town J1-1 Project	Guangzhou Pearl River New Town	Commercial/ Tourism	182,000
The Galaxy, Guangzhou Marriott Executive Apartments	Guangzhou Pearl River New Town M1-4 project	Apartment 211 rooms	42,000
R&F Huaguo Shan Project	Guangzhou	Commercial/ Tourism	20,000
Express by Holiday Inn Temple of Heaven Beijing	Beijing R&F Xianran Court/Plaza	4-star Hotel 320 rooms	22,000
Tianjin Marriott Hotel	Tianjin R&F City	5-star Hotel 400 rooms	38,000
Tianjin R&F City Commercial Complex	Tianjin R&F City	Office/Shops	136,000

Land Bank During the year, the Group acquired 21 pieces of land for 19 projects.

Name of project	Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)	Acquired date
Guangzhou (including neighbouring areas)				
R&F Jubilee Garden	Haizhu District	183,000	155,000	Jan 2006
Pearl River New Town J1-1 Project	Tianhe District	182,000	143,000	Apr 2006
Pearl River New Town M1-4 Project	Tianhe District	169,000	132,000	Apr 2006
R&F Ying Tai Plaza (formerly Pearl River NewTown D1-1 Project)	Tianhe District	134,000	101,000	Apr 2006
Pearl River New Town M1-9 Project	Tianhe District	108,000	81,000	May 2006
R&F Ying Feng Plaza (formerly Pearl River New Town A3-1 Project)	Tianhe District	83,000	62,000	Sept 2006
R&F Ying Xin Plaza (formerly Pearl River New Town B1-5 Project)	Tianhe District	121,000	94,000	Sept 2006
Jinshazhou Project	Baiyun District	219,000	219,000	Oct 2006
Huizhou Jiangbei Project	Huizhou Jiangbei	225,000	225,000	Dec 2006

Name of project	Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)	Acquired date
Beijing				
R&F Bay Shore (formerly Shunyi Mapo Project)	Mapo Town, Shunyi District	158,000	120,000	Mar 2006
R&F Peach Garden (formerly Xisanqi Project)	Haidian District	283,000	283,000	Mar 2006
R&F Danish Town (formerly Jingnan Green Life Community Project)	Pangge Zhuang Town, Dahsing District	515,000	356,000	Mar 2006
Tianjin				
R&F City Lot No. 7	Nankai District	299,000	210,000	Mar 2006
R&F Bay Shore	Xiching District	248,000	248,000	Sept 2006
R&F Peach Garden	Jinnan District	416,000	416,000	Oct 2006
Chongqing				
R&F Modern Plaza	Nanan District	233,000	230,000	Jan 2006
Chongqing R&F City (formerly University Town Project Lot No.1, 2 and 3)	Shapingba District	6,795,000	6,795,000	May 2006/ Dec 2006
R&F Ocean Square	Jiangbei District	361,000	321,000	Dec 2006
Hainan				
R&F Bay Shore	Lingshui Town	210,000	210,000	Oct 2006
Total		10,942,000	10,401,000	

In 2006, the Group acquired a total land bank of approximately 10,942,000 sq.m. The management of the Group believe that land, as a primary raw material for the property development business, is critical for the continuous growth and development of the Group. Land acquired in 2006 will be a major contributing factor to the Group's future development and business results.

Land Bank

as at 31 December 2006, the Group is in possession of the following pieces of land in its reserve.

Name of project	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Guangzhou	4,416,000	3,755,000
Beijing	2,380,000	1,915,000
Tianjin	1,364,000	1,138,000
Xian	988,000	859,000
Chongqing	7,389,000	7,347,000
Hainan	210,000	210,000
Investment Properties	1,146,000	822,000
Total	17,893,000	16,046,000

Other than the above land bank acquisitions, for which the Group has acquired the land titles, the Group is in the process of acquiring additional land with a total GFA of approximately 6,621,000 sq.m. of which the saleable area is approximately 6,514,000 sq.m. Subject to completion of all transfer procedures, the Group will have a total land bank of GFA approximately 24,514,000 sq.m.

Completed Properties 2006



◊ Guangzhou R&F Peach Garden (Zone A and B)

A large residential estate located in Baiyun District, Guangzhou. It consists of 17 blocks with 1,900 residential units.

Completed Properties 2006



Completed Properties 2006

Guangzhou ▶ R&F Ying Long Plaza

A new prestige address for
business in Guangzhou.

◀ Guangzhou R&F Edinburgh International Apartment

A service apartment located in Pearl River New
Town, with 290 superb quality residential units
targeted at professionals.



Completed Properties 2006



◉ Tianjin R&F City – Lot No.5

Located in one of the busiest sectors of Tianjin, the development brings a new dimension in residential living to the city.

Properties Under Development 2006



📍 **Guangzhou R&F
West Garden
- Commercial Complex**

A stylish office and commercial building built for owners mainly engaged in the export business.

Properties Under Development 2006



◀ Guangzhou R&F Jubilee Garden

An up-market riverside project to be developed in three phases.

Properties Under Development 2006



▣ Beijing R&F Danish Town

Located in the southern part of Beijing with site area of 610,000 sq.m., this project will be developed into a large complex of low-rise residential houses.

Properties Under Development 2006



◉ Beijing R&F Xinran Court/Plaza

Located near the 2nd Ring Road with Heavenly Park to the east, this site will be developed into a 232-unit residential and commercial complex.

Xian R&F City ◉

Introducing a completely new concept in residential living environment to Xian, the first phase of this development is expected to be delivered in the second half of 2007.

Properties Under Development 2006



Properties Under Development 2006



◀ Chongqing R&F Modern Plaza

The first residential/commercial development for the Group in Chongqing, this complex will be located in the city's business district.

Chongqing R&F City ▶

When completed, this mainly residential project will be the largest property development of the Group with a total GFA of 6.8 million sq.m.

Properties Under Development 2006



Properties Under Development 2006



◉ Tianjin R&F Peach Garden

Located in one of the less densely populated areas of Tianjin, this will be another major residential development project for the Group.

Guangzhou R&F ◉

Modern Plaza

– Jiaxin Commercial Center

This project will be one of the few commercial complexes located in the Haizhu District of Guangzhou.

Investment Properties 2006



Investment Properties 2006



Investment Properties 2006



▴ Beijing R&F City – Commercial City

This new development includes a class A office building, a 5-star hotel and a large shopping mall, it will not only provide many new facilities to Beijing residents, but will also contribute a distinctive new look to the city's landscape.

◀ Grand Hyatt Guangzhou

Now under construction, this prestigious new hotel will be ready to offer hospitality services to guests in the last quarter of 2007.

Investment Properties 2006



◀ The Galaxy, Guangzhou R&F Marriott Executive Apartment

Located in Pearl River New Town, the facilities in this new project will provide a comfortable residence and convenient facilities for overseas business travelers.

Property Related Business The property related business of the Group comprises design, engineering supervision, property management and property agency. All these supporting business activities are well integrated into the main business activities of the Group and are carried out through the subsidiaries of the Company. This makes it possible for the entire development process to be accomplished within the Group. As such, the Group is able to achieve an extremely high efficiency and competitiveness in the operation and performance of its business.

The design institute subsidiary of the Group was engaged by the Group for most of the design works of projects developed by the Group. In 2006, the design institute was involved in design works with a total GFA of approximately 2.16 million sq.m.

Another subsidiary, Guangzhou Tianfu Construction Engineering Supervision Co., Ltd., is entrusted with supervising and controlling the quality of most of the projects developed by the Group.

In March 2006, as part of its diversification strategy, the Group strengthened its property management capabilities by having Guangzhou Tianli Property Management Co., Ltd. — its property management subsidiary — establish a CBD property management centre. This centre will be responsible for the management of part of the Group's commercial properties, such as office buildings and service apartments located in central business district of Guangzhou.

The Group also established a subsidiary with responsibility for pre-marketing its leased commercial properties, making use of such tools as layout planning, utilization planning and facility planning.

In 2003, the Group invested in Guangzhou R&F Meihao Properties Development Co., Ltd., which is mainly responsible for the marketing management of commercial properties of the Group. In 2006, it entered into a co-operative agreement with CB Richard Ellis and Savills for the leasing of Guangzhou R&F Center in the international market.