



廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2777)

Company's Business Update

The Board of the Company wishes to share the views of the Company on the current status of the China property industry and to inform investors and shareholders of the strategies of the Company for 2009.

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

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The board of directors (the “**Board**”) of Guangzhou R&F Properties Co., Ltd. (the “**Company**”) wishes to share the views of the Company on the current status of the China property industry and to inform investors and shareholders of the strategies of the Company for 2009 as follows:

General Development in the Property Market in the PRC

- On 5 November 2008, the State Council unveiled a RMB4 trillion fiscal stimulus plan, which signifies the winding down of the Central Government's austerity measures targeting the property sector and its intention to foster the healthy development of the property industry. Seven measures to expand domestic consumptions, stimulate growth and stabilize the property market have been introduced by the Central Government which also have elevated the property industry to the “Key Pillar Industry of the People's Economy”.
- With more favourable policies being implemented by the Central Government to invigorate the property market, the property industry is believed to have passed the worst of the crisis. The Company is of the view that the property market will need approximately three to five months to cultivate confidence and it is expected that the property prices will then become stabilized.

Latest Development and Strategies of the Company

- Investment properties of the Company completed to-date has a market value based on the latest valuation amounted to approximately RMB15 billion. These investment properties include four hotels (the Guangzhou R&F Ritz Carlton, the Guangzhou R&F Grand Hyatt, the Marriot Renaissance Beijing and the Holiday Inn Express Beijing which together provide 1,590 rooms), two international grade-A office towers and two shopping complexes (Beijing R&F Plaza and Chengdu Panda City which is currently under renovation and expected to open in mid 2009) having in total 201,000 square meters of leasable space. These investment properties would enhance the Company's ability to procure financing.
- The total GFA under construction in 2008 aggregated to 5.8 million square meters. The value of the properties of the Company for which pre-sale permit have been obtained and currently available for sale amounts to approximately RMB20 billion, representing saleable area of approximately 2.1 million square meters. It is expected that additional pre-sale permit for properties with a sale value of approximately RMB17 billion will be obtained during the remainder of 2008 and 2009. Such pre-saleable properties with a combined value of RMB37 billion will ensure ample supply of stock for future sale.
- The Company's contracted sales target for 2009 is set at approximately RMB22 billion, a level which is 30% higher than the revised contracted sales target for 2008 and will be adjusted quarterly according to market conditions. The contracted sales of the Company for 2009 is expected to be derived from 38 projects located in the Southern, Northern, Western and Eastern Regions of the PRC and will account for approximately 40%, 44%, 11% and 5%, respectively in terms of value.
- The Company will remain focus on the traditional profit centers of the Company of Guangzhou, Beijing and Tianjin.
- The pace of development of investment properties of the Company for 2009 will slow down as appropriate.
- The Company has established strategic presence nationally and have laid sound foundation in over ten important provincial cities, all first-tier or second-tier cities with huge growth potential. Based on this foundation, the Company will further develop and revamp existing product lines for different markets in 2009 to ensure multiple points for profit growth.
- The Company will pay relentless attention towards cost control and improvement of operational management to produce good value-for-money products at reasonable price in an effort to maintain margin trends.

- The Company will strive to reduce its net debt to equity ratio (with a target to lower it to below 80% by the end of 2009) by:
 - enhancing cash inflow from operation by controlling costs and accelerating sales with flexible pricing;
 - seeking joint venture partners to co-develop quality projects;
 - procuring other type of financing alternatives other than commercial bank loans, such as the proposed domestic corporate bonds issue to improve the debt capital structure;
 - continuing to pursue the proposed A share listing; and
 - considering disposal of certain investment properties when the price is suitable.

Despite the current challenging business environment, the Board considers that the liquidity and the financial position of the Company as a whole is sound. The Board is of the view that the Company will be able to continue to develop and deliver quality properties to consumers.

By order of the Board
Li Sze Lim
Chairman

Hong Kong, 24 November 2008

As at the date of this announcement, the executive directors of the Company are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Lu Jing and Mr. Zhou Yaonan; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Huang Kaiwen, Mr. Dai Feng and Mr. Lai Ming, Joseph.

** For identification purposes only*