GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

INTERACTION & MOMENTUM

Annual Report 2009

ABOUT R & F

One of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. is a major player in the country's drive towards urbanization. Its core business lies in mass residential property development on a variety of scales, with 35 such projects currently under development in 12 major cities including Beijing, Tianjin and Guangzhou. A proportion of its asset portfolio is held in investment properties (including prestigious hotels and shopping malls) as part of its ongoing development strategy. R&F is also involved in co-developing some important large-scale projects, such as the Guangzhou Asian Games City, in conjunction with respected industry peers. With a prime land bank portfolio sufficient for several years of developments, and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life in China over the coming year.

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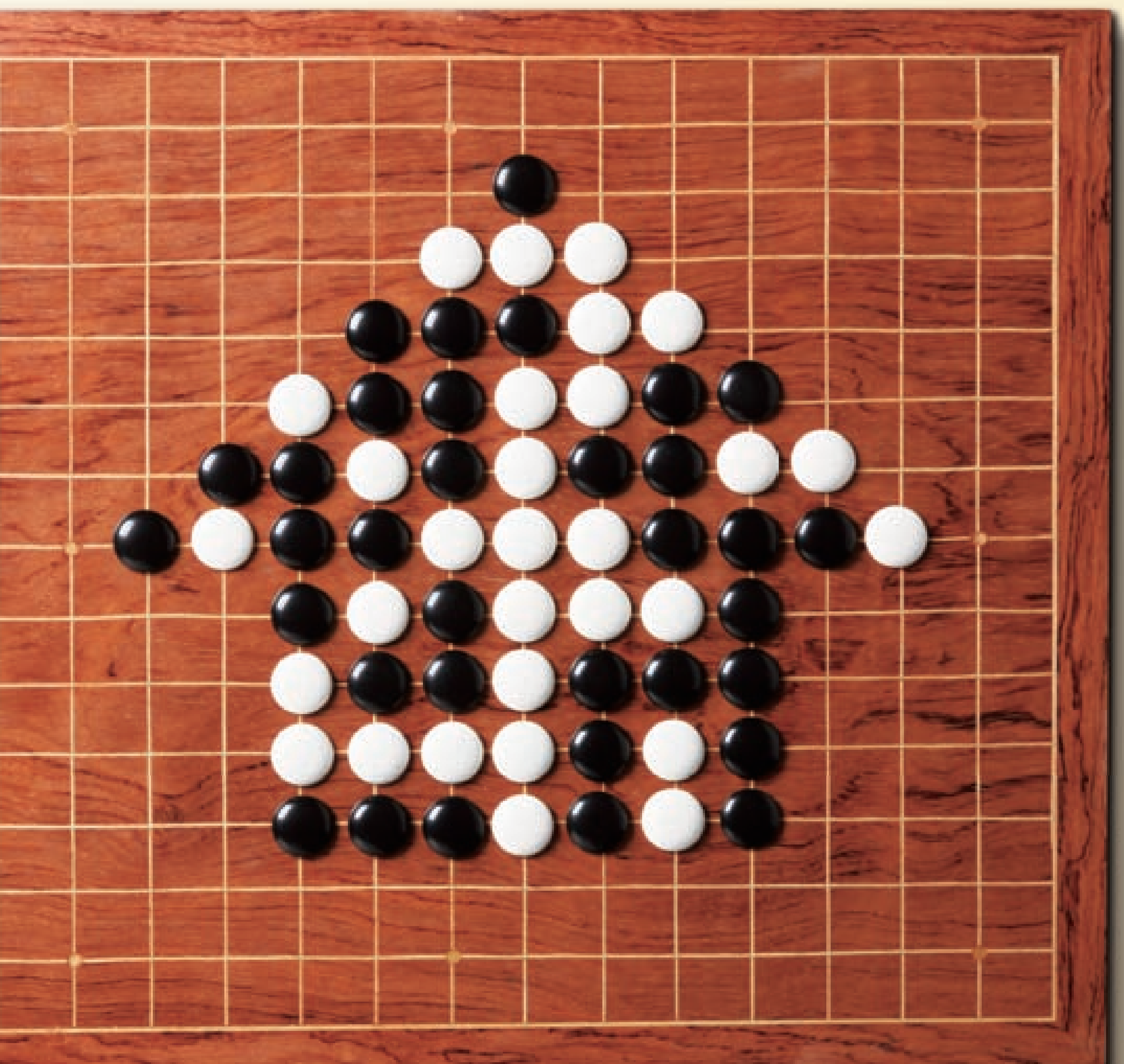
Building momentum with our industry peers

SHARING & EXCELLING

In today's China environment, senior property developers like R&F cannot afford to operate as though in a vacuum. R&F is now working with other respected industry peers on several major new projects, in a process of sharing expertise and risks that is enabling us to take on exciting new projects, sometimes on a massive scale. These collaborations and positive interactions with our peers are further transforming the China property landscape.



March

- Announcement of 2008 Annual Results

May

- Annual General Meeting for 2008

June

- Received 2009 Outstanding China Property Stock from Economic Digest for the second consecutive year
- Received 2009 China Property Gold Brick Award Annual Social Contributions Corporate Grand Prize and 2009 China Property Gold Brick Award Annual Commercial Property Grand Prize – R&F Yingyue International from 21 Century Boao Real Estate Forum 2009

August

- Announcement of 2009 Interim Results

October

- The corporate bonds were issued
- Awarded the Sixth (2009) Jinrui Scientific and Technological Award Excellence in Construction and Planning Design – Beijing R&F City and Excellence in Landscape Planning & Design – Guangzhou R&F City by the Ministry of Science and Technology of the People's Republic of China
- Received "Project Hope 20 Years Special Contributions Award" from China Youth Development Foundation

November

- Ranked No. 1 in terms of overall strength among all property developers in China by the National Statistics Bureau for the fifth consecutive year
- Ranked among "2008-2009 China Top 100 property developer"

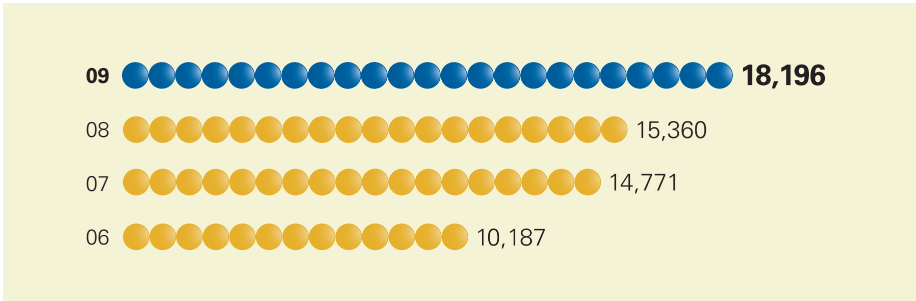
December

- Ranked top 10 Enterprises in terms of overall strength among all property developers in Guangdong by Guangdong Enterprises Confederation and Guangdong Entrepreneur Association
- Successful joint bidding of Asian Games City in Guangzhou with other developers

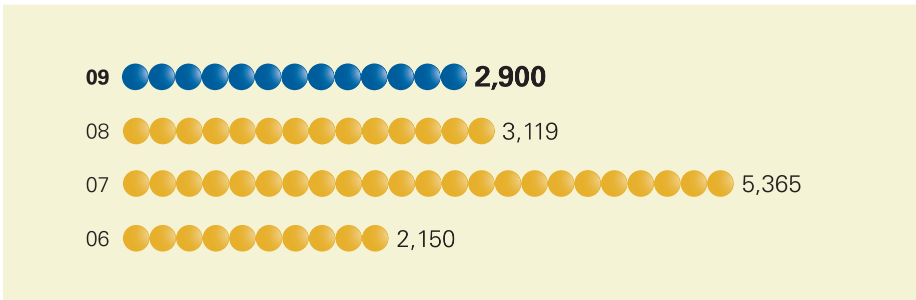
FINANCIAL HIGHLIGHTS

	2009	2008	% changes
Operating Results (RMB'000)			
Revenue	**18,196,463**	15,360,151	18%
Gross profit	**5,749,619**	5,158,470	11%
Profit for the year attributable to the equity holders of the Company	**2,899,500**	3,119,499	-7%
Basic earnings per share (RMB)	**0.8998**	0.9681	-7%
Dividends per share (RMB)	**0.36**	0.28	29%
Financial Position (RMB'000)			
Cash	**7,887,251**	2,052,956	284%
Total assets	**66,344,017**	55,047,025	21%
Total liabilities	**49,324,651**	40,001,927	23%
Financial Ratios			
Net assets per share (RMB)	**5.25**	4.64	13%
Dividend payout ratio (%)	**40.0**	28.9	38%
Return on equity (%)	**18.2**	22.6	-19%
Net debt to equity ratio (%)	**97.6**	123.2	-21%

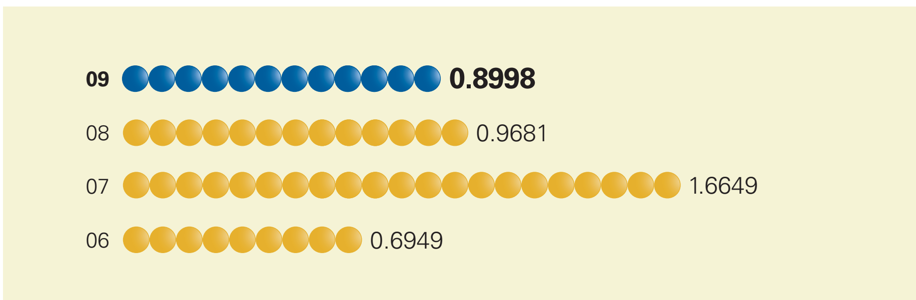
Revenue
RMB (in million)



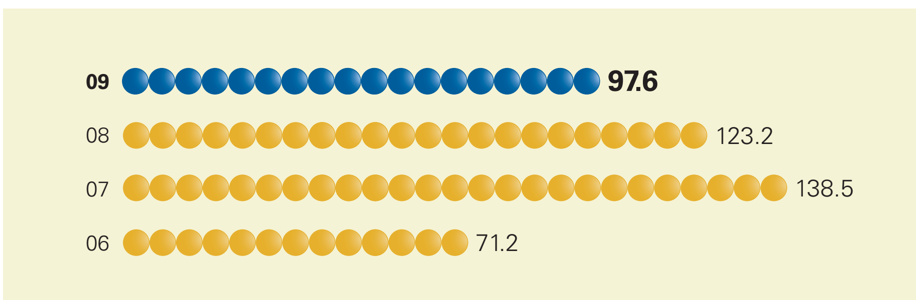
Profit attributable to equity holders
RMB (in million)



Basic earnings per share
RMB



Net debt to equity ratio
%



Building momentum through founder insights

VISION & EXECUTION

R&F's success has been driven by the integrated vision of its founders. Two quite distinct individuals, their collaboration has generated a remarkably unified vision that has helped mould R&F into one of China's most respected and competent property development companies.

LETTER TO SHAREHOLDERS

Dear Shareholders,

One of the things that 2009 has brought into focus for our Company is the fact that the property industry does not exist in a void. On the contrary, of all business sectors in modern China it is the one perhaps most affected by, and dependent on, interactions with a multitude of other parties. For Guangzhou R&F Properties Co., Ltd., our crucial interactions in 2009 have been with larger forces such as the global and domestic economy, the Central and city government, and individual stakeholders including banks, investors, industry peers, and shareholders. Much of our success in the year has come from the ways in which we have responded to, negotiated with, listened to, reacted against, and generally interacted with these multiple parties with their many diverse and sometimes conflicting interests.

After a year of working with these multiple stakeholders in a complex and often-changing environment, the Company has some cause for satisfaction. Although the economy remained weak in 2009 and there was continuing uncertainty within the Chinese property market, we achieved record sales and could have sold more if that had been our goal. In purely fiscal terms, during the year the Company recorded a turnover from sale of properties of RMB16.98 billion, which represented sales of around 1.728 million sq.m. of saleable area. Overall profit amounted to RMB2.921 billion.

We saw many other positive achievements during the year. Construction at each of our project sites progressed well, and we were able to deliver all the projects scheduled for completion during the year on time. Timely delivery of completions scheduled for the coming year also looks assured. As for our land bank, representing our life-blood as a property developer, it was significantly enhanced by several important acquisitions, amongst which was the Asian Games City mega-site. Our liquidity position is as strong as it has ever been, and we have substantial cash resources at our disposal. In short, the Company is on a trajectory for strong expansion, and we believe that we are in excellent position to face any challenges as we grow.

Any major negative factors impacting on the Company due to the global financial crisis have been reflected in the results for the fiscal year 2009. Throughout most of 2009 and the beginning of 2010 we have achieved higher selling prices, built up a different product mix, and made further internal improvements to our cost controls, all of which are powerful indicators that we are well positioned to achieving our target profit margins. We anticipate these strong performances, which are showing themselves in average selling prices and delivery schedules at record highs, will be reflected in the financial results for the upcoming year.

Responses to economic and regulatory trends

In the year under review, the two areas that had the most significant impact on the Company's interactions and strategies were the economic and the regulatory environments. As far as the economy was concerned, the beginning of the year saw a clear economic rebound after the serious downturn of 2008. This happened sooner than most analysts were forecasting, and quickly led to much improved sentiment in the property market.

In China, part of the rebound resulted from proactive moves on the part of the government to stimulate the economy through regulatory measures. Naturally, these change from time to time according to the government's assessment of the nation's economic interests. Here at Guangzhou R&F, we are confident in the government's ability to implement policies that will benefit the wider economy, and hence our own business. In fact, the property sector will play an important role in the government's efforts to direct and stimulate China's economy, and the Company expects to be a major contributor to these efforts. For instance, the government's continuing priorities for urbanization can only be carried through effectively with the help of property developers like Guangzhou R&F who are committed to providing quality large-scale urban developments for the mass residential segment. However, the government is still ready to take measures regularly to control and cool property prices. Most recently, for example, in early 2010, it announced 11 measures to curb the too rapid rise of housing prices in certain cities.

As a result of the wider economic improvement and favourable government support, the Company's business rebounded quickly at the beginning of the year, and that rebound was sustained across the 12 months, reflected in steadily rising prices. We were able to achieve a record contracted sales of RMB24 billion. Land acquisition resumed in May after a pause of over a year, fuelled by strong cash inflow from sales. This successful run was crowned at the end of December when the Company won the country's largest-ever land auction by value, for the Guangzhou Asian Games City. The joint bid was made in conjunction with other major developers.

Improved sensitivity and responsiveness

Given our experiences over the past twelve to eighteen months, the Company has been working on ways of becoming even more responsive to external environmental changes. We are doing this at two main levels: first, by improving our structured decision-making procedures, and second, by stepping up our operational standards. For example, we are now building greater flexibility into our construction and completion schedules, so we can more easily speed up or delay projects in response to external changes. We are also tightening our strategies for land purchase by placing more emphasis on external factors, and replenishing our land bank only when conditions are optimal and resources available. We are in a good position to make this adjustment and become more selective about land purchase because we enjoy a large land bank 'buffer' of three or four years worth of projects.

Better safeguards in risk management

At a more basic level, the Company is drawing on lessons learnt during the financial crisis to sharpen the effectiveness of its risk management strategies and consolidate its financial base. That includes ensuring that even more attention is paid to evaluating our current cash flow situations before major business decisions are made. We have raised our expectations on the internal stress test for liquidity, and we are also now more actively looking to initiate joint ventures with other developers so as to share risk, as well as tapping into their separate pools of expertise.

A strategy based on balance

Apart from the higher levels of caution and prudence we are adopting as described above, the Company's key strategy is to maintain balance in the types of products it develops and the types of land it acquires. For instance, our mass residential developments will be balanced by a competitive exposure to a selection of luxury projects. The sizes and neighbourhoods of the cities we work in will be balanced too, with promising new projects in second-tier cities balancing our major developments in first-tier cities like Beijing, Tianjin and Guangzhou.

To maintain these balances, we need land in the right places. Urbanization is likely, we believe, to be one of the strongest growth drivers in China's property sector in coming years. To take full advantage of this, the Company needs to have a balanced range of sites available to meet demand as it arises from place to place. For this reason, we will make land-banking a real focus in the year to come, following on from our six excellent site acquisitions in 2009. Successful land-banking calls for great selection and negotiation skills, along with a good deal of foresight and a sensitivity to market trends, and these are attributes that our Company is indeed well stocked with.

Our belief in the importance of prudent land-banking showed itself in May, when we made the call to resume land acquisition after a break of over a year. Our expectation is that, setting aside local fluctuations, the general long term upward trend in land values will continue in most major China cities in the future. With this conviction, apart from the Asian Games City site, we acquired another six prime new sites for future development during the year under review: three in Guangzhou, and one each in Beijing, Taiyuan and Conghua. The sites cost the Company a total of approximately RMB3.5 billion, and had a combined site area of around 1.1 million sq.m. By the end of 2009, then, our total land bank amounted to approximately 22 million sq.m. in saleable area, sufficient for supporting three to four years of development.

Exploring new sources of capital

As always, a crucial factor in our plans is access to capital, and maintaining a sound financial base with sufficient liquidity. Our gearing has remained high over the past year, and has not yet begun to fall as we earlier predicted. We have taken a very close look at the situation, and are confident that our current level of gearing will not place excessive stress on liquidity even if markets were to take a turn for the worse. Although maintaining a high gearing does bring some risks, it nevertheless gives us greater flexibility in acquiring sought-after and sometimes unique land resources when they come onto the market. It is worth noting too that gearing statistics are partly skewed by standardized accounting practices: for instance, our 'real' level of gearing would be much lower if the Company's land bank and hotel properties were stated at market value in the balance sheet.

One reason for the Company's high gearing is the difficulty we face of accessing resources from the capital markets. This is an inherent feature of our status as an H-share company, but we are constantly looking for ways to improve and broaden our access to capital. For instance, in October 2009 we successfully issued domestic corporate bonds to the amount of RMB5.5 billion, which we see as an important milestone in our efforts to tap into the PRC capital market. Of course, an A-share listing would be transformational in this respect, so the Company is keeping itself well prepared to grasp any brief window of opportunity that may arise for an IPO in China.

The balanced strategies outlined above can only be successful if the Company embraces them with a wholehearted commitment. We are determined in the coming year to maintain our passionate focus on our core competencies, at which we have excelled for so long. The R&F brand is a much respected one, widely associated with trustworthiness and quality, and we want to continue in that tradition. But we also realize that conditions in the property industry are constantly changing, and to this end we are constantly evolving a management team fit for present-day conditions. We are proud to have gathered together a team of highly skilled men and women who share a common vision for the Company's future.

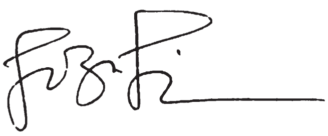
Targets and expectations

In practical terms, we are targeting a growth rate for 2010 of 20% to 30%. That is a figure in line with what we have managed to achieve in recent years, and in tune with current market sentiments. It translates into a contracted sales target of RMB30 billion for the year, an increase of 25% over the sales achieved for 2009. We expect to deliver approximately 2.5 million sq.m. in saleable area, of which 1.4 million sq.m. with a sale value of RMB13 billion has already been pre-sold. Amongst other priorities, we will be paying special attention to improving our margins.

Our enlarged sales target for 2010 brings with it certain responsibilities. The scale of our activities will of necessity be stepped up, the scale of our operations must expand, and this growth needs to be supported by even better management practices, operating procedures, and technical capabilities. We are addressing all three areas and initiating changes to make sure we meet our targets comfortably. One of the key tasks for the year in this respect is to upgrade and extend our ERP system. We believe that, with a clear vision and a carefully thought out policy of balanced growth, the Group remains in an excellent position to reap the rewards of China's ongoing urbanization.

Acknowledgements

Once again, our thanks go out to all our shareholders, investors, business associates and customers. Our interactions with all these stakeholders during the year have helped us hone and improve our strategies, and sharpen our vision for the future. Internally, thanks are due to the Group's directors and to its staff members at every level, for the drive and energy they have put into making the year a successful one for the Group. As our sales targets for 2010 indicate, we are firmly confident that our strengths as a Group are set to bring a new level of rewards in the coming year.



Li Sze Lim
Chairman

Zhang Li
Co-chairman and
Chief Executive Officer

Building momentum with our customers

SUPPLY & DEMAND

At R&F, our starting point is and always has been the challenge of meeting the needs, the expectations and the aspirations of our customers. We talk with them, listen to what they want and hope for, and then turn their dreams into reality. By committing ourselves to a range of highly diversified developments, in a huge array of styles and price ranges, we have built a loyal and enthusiastic customer base.


富力地产集团

Economic stimuli introduced by various governments around the world, including the Chinese government, helped stop the global financial crisis from developing into a much-feared economic depression. In China, the Central Government implemented effective fiscal measures that helped propel the PRC economy to 9% growth in 2009, besides giving extra impetus to many other developed economies. The ample credit supply included in the government's stimulus package was a boon for the property sector, encouraging a steady return to normality that was followed by further growth. Most major cities experienced record highs in categories such as volume of property transactions, total sales by area and by value, and average selling prices, the latter increasing by around 20% over the previous year's prices. Within this generally satisfactory atmosphere in the property market, the Company's consistent execution of proven strategies enabled it to achieve its highest-ever contracted sales figures, while at the same time building up a pipeline of competitive projects and maintaining its position amongst China's top-tier property developers. For the fifth consecutive year, the National Statistical Bureau ranked the Company first in overall strength of all PRC property developers.

Contracted sales

Contracted sales increased by 51% over 2008 to RMB24.2 billion, which in terms of saleable area amounted to a 46% increase to 2.33 million sq.m. After a relatively slow start to the year, contracted sales quickly gained momentum. Robust sales in March culminated in the highest monthly contracted sales of the year at RMB2.86 billion, and sales continued at a consistently satisfactory level thereafter. Market factors underpinning this strong performance included a stabilized economy and the return of consumer confidence to the property market; this was supplemented by the Group's competitive edge in being able to offer a selection of 38 quality property projects across various cities. With first-time sales launched in Shenyang and Chengdu, contracted sales for the year originated from a total of 11 cities. Beijing, Tianjin and Guangzhou still accounted for the bulk of contracted sales, at 75% of the total by value and 65% by area, but these figures were down from 83% and 72% respectively in the previous year in a clear reflection of the Group's gradual geographical diversification. Of those cities entered by the Group more recently, Taiyuan and Hainan showed themselves especially strong, with contracted sales there more than treble those of 2008 at RMB1.25 billion and RMB880 million respectively. The Group remains focused on residential development, with residential properties making up 83% of its total contracted sales; the other 17% came from sales of commercial properties.

Details of the Group's 2009 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/- % vs. 2008	Approximate value (RMB million)	+/- % vs. 2008
Guangzhou	644,700	15%	8,236	13%
Beijing	391,900	8%	5,566	46%
Tianjin	484,200	116%	4,418	101%
Xian	130,200	93%	744	86%
Chongqing	232,800	-1%	1,401	17%
Chengdu	22,200	3,600%	139	2,680%
Huizhou	56,300	55%	477	19%
Hainan	66,500	171%	880	283%
Shanghai	71,400	730%	964	1,277%
Taiyuan	223,100	197%	1,250	229%
Shenyang	9,600	52%	122	103%
Total	**2,332,900**	**46%**	**24,197**	**51%**

Projects under development

The Group manages both the area being built and the pace of construction to match its target delivery schedule and sales plan. As at December 2009, it had 31 residential property projects and 4 commercial property projects under construction in 12 cities. In terms of GFA, a total of 6.73 million sq.m. was under construction, an increase of 26% from the 5.34 million sq.m. as at 31 December 2008. These projects which the Group has under development are expected to generate pre-sale permits for property with an estimated sales value of over RMB70 billion.

Location	Number of projects	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Guangzhou	9	2,379,000	2,027,000
Beijing	7	813,000	684,000
Tianjin	5	914,000	791,000
Xian	1	152,000	125,000
Chongqing	3	555,000	428,000
Chengdu	2	641,000	428,000
Shanghai	1	39,000	22,000
Kunshan	1	72,000	63,000
Shenyang	1	47,000	47,000
Hainan	2	209,000	205,000
Taiyuan	2	670,000	547,000
Huizhou	1	238,000	189,000
Total	**35**	**6,729,000**	**5,556,000**

Southern and Western China

Guangzhou continued to occupy a special position for the Group, even though R&F has now evolved into a property developer with a nationwide presence. Apart from the fact that Guangzhou was the city where the Group was founded, the city remains special due to its vitality and its relatively mature and resilient property market. Guangzhou's GDP reached RMB911 billion in 2009; this represented an increase of 11.5% over the previous year, above the national average. An important driver for this growth was the forthcoming 16th Asian Games, to be hosted by the city in November 2010. The many infrastructure projects and ancillary facilities completed or under construction in preparation for the Games have boosted the city's development and expanded the one-hour commuting radius for metro Guangzhou, in each case having a significant impact on the property scene.

Pearl River New Town has now been firmly established as Guangzhou's new CBD, and property values there are set to reflect this status. The Group was amongst the first to recognize the potential of Pearl River New Town, and it is the developer with the largest number of projects in the area. During the year the Group delivered R&F Ying Feng Plaza, a commercial development with 62,000 sq.m. of saleable area, and it currently has seven residential and commercial property projects in various stages of development. Pre-sales of R&F Ying Xin Plaza and R&F Pearl River Park View 28 (formerly R&F Yingzun Plaza) began in September and December respectively. R&F Ying Xin Plaza is a commercial development conveniently located near the CBD centre line, and having achieved more than RMB700 million in contracted sales it has clearly been well-accepted by corporate purchasers. R&F Pearl River Park View 28 is a high-end residential development of five 48-storey towers, in which most units are larger than 250 sq.m. A total of 15 units worth over RMB100 million were sold in the relatively short sales period during the year. Together with continuing sales at R&F Ying Feng Plaza, R&F Ying Tai Plaza and the office tower of the Guangzhou Grand Hyatt Hotel, contracted sales from projects in Pearl River New Town exceeded RMB3 billion in total. The Group has more projects in Pearl River New Town due to come on stream in future years; two such projects where construction is progressing on schedule are the major mixed development at Lei De Cun consisting of upscale apartments, a luxury hotel and a premium shopping mall, which is being carried out jointly with KWG Properties Holdings Limited and Sun Hung Kai Properties Limited, and the development adjacent to the R&F Center which will consist of a grade A office and a Park Hyatt hotel.

Seven other projects were on sale during the year across Guangzhou. These included mature projects like R&F Peach Gardens and R&F City, now in their last phases, as well as newly launched projects such as R&F Junhu Palace near the city's main railway station, and R&F Spring World in Conghua. R&F Peach Gardens and R&F City were the Group's two top-selling projects, each with contracted sales for the year exceeding RMB1 billion. Guangzhou's improved transport infrastructure has made R&F Spring World and R&F Jin Gang City in Hua Du attractive to purchasers wanting the convenience of city living but who prefer lower density housing. Sales at R&F Jin Gang City for the year amounted to approximately RMB450 million.

Overall, Guangzhou's contracted sales increased by 13% to RMB8.236 billion, amounting to 34% of the Group's total sales. This was less than the 45% in the previous year, but still remained the highest of all the cities where the Group operates. Alongside Beijing and Tianjin, Guangzhou will remain a key focus city for the future.

Chongqing is the economic and financial center of the upstream Yangtze River region. GDP growth in 2009 reached 14.9%, and provided strong support for the city's property sector. To date the Group has completed two projects in Chongqing, having delivered the last five residential blocks of R&F Modern City and retail spaces associated with R&F Ocean Square Phase I. Three projects are under development, of which Chongqing R&F City is the largest. It occupies a site of 2.6 million sq.m. in an area designated to become Chongqing university city. This is a multi-phase development that will be carried out over many years, and will have a total GFA of approximately 6.8 million sq.m. upon completion. The unique appeal of this project will become apparent as the university city community matures, causing more and more universities and institutes of education to relocate to the area which in turn will attract corporations in need of skilled personnel. Up to the end of 2009, the Group had completed approximately 100,000 sq.m. of GFA and enjoyed cumulative contracted sales of approximately RMB1.4 billion, following the RMB1.0 billion in sales achieved in 2009. The selling price has also increased to RMB6,000 per sq.m., as compared to RMB4,300 per sq.m. at the initial launch.

Chengdu is the capital city of Sichuan province, and as such its development potential cannot be overemphasized. The Group bought its first piece of land in the Chengdu CBD in October 2007. This project will see the development of a large mixed-use complex including apartments, offices, a hotel and a shopping mall. In late 2008 the Group began pre-sales of its first portion, R&F Stanley International Apartments. A second project, R&F Peach Garden, was launched during the year, bringing contracted sales from Chengdu to RMB139 million for 2009.

Hainan has been groomed for development into an international tourism destination for some time, a strategic goal that was formalized on 4 January 2010 in an official pronouncement of the State Department of the Central Government. From now on, it is expected that development towards this goal (including the development of ancillary service industries) will accelerate. Recognizing the potential of Hainan some time ago, the Group first acquired a prime seafront site at Xiangshui Bay in 2006. The site has since been developed into R&F Bay Shore, a mix of resort style low-rise apartments with additional facilities that include a resort hotel and a yacht club. Contracted sales for the project trebled to RMB754 million for the year, from RMB230 million in the previous year, and there was a 45% increase in the average selling price. A second project, R&F Yingxi Valley on Haikou's west coast, is made up of villas and linked houses, and sales were launched in the last quarter of 2009. Over 90% of the initial batch of 61 units offered were sold, for a total of RMB126 million.

Huizhou is a city selected by the Group for investment because of its good natural environment and potential for development. The Group's debut project in the city is the R&F Li Gang Center. This is a project that embraces contemporary concepts of integrated development, and is made up of a mix of luxury apartments, an A-grade office building, a shopping mall, and a five-star hotel. Sales of approximately RMB477 million were achieved in the year despite the fact that only a limited number of units were made available for sale. Of these sales, approximately RMB140 million arose from the sale of office units during a short three-month period. The units achieved a record selling price of over RMB10,000 per sq.m., indicating the high potential of Huizhou's commercial property segment.

Northern and Eastern China

Beijing, the Group's northern headquarters, had contracted sales in the year from eight projects totaling RMB5.566 billion, second highest after Guangzhou. With sales of RMB1.58 billion, Beijing R&F Festival City ranked second in contracted sales amongst all the Group's projects. This project has a total GFA of over 1.1 million sq.m., and sales started in July 2005; cumulative sales up to the end of 2009 amounted to RMB6.3 billion, and 350,000 sq.m. GFA is yet to be developed. R&F Danish Town, a low density residential project in Daxing district to the south of the city, saw contracted sales quadruple to RMB1.382 billion: it was the Group's second-best project in Beijing in terms of sales. This project has been awarded the UN-HABITAT Business Award (China) – Best Practices（聯合國人居獎（中國）最佳範例獎）, evidence that outstanding design and quality can impact positively on sales performance. The last phase of R&F City, the Group's first Beijing flagship project, has been developed into just 12 villas, which are extremely hard to come by in the city center. Of these, 8 villas were snatched up at an average of RMB75 million per villa.

Tianjin is one of the Group's key markets. Since the Group first ventured into this city in 2004, sales have grown steadily. Its four ongoing projects returned RMB4.418 billion for the year. With the acquisition of several large plots of high quality land, the Group has become a significant player in the Tianjin market. The land includes a plot acquired for RMB5.4 billion in the Hexi district with a GFA of over 1.57 million sq.m., which has been developed into one of the Group's largest projects, R&F Jinmen Lake. Sales from this project increased to RMB1.65 billion, topping all other of the Group's projects in the year. A significant portion of this project of approximately 1.23 million sq.m. in GFA is yet to be developed, and will be carried out over the next few years. The Group's other projects in Tianjin are R&F City, R&F Peach Garden and R&F Bay Shore. All are of considerable size, making Tianjin the city producing the highest revenue per project for the Group. In addition to these four projects, the Group has begun construction of the R&F Centre in the CBD, and of the R&F Guangdong Building, planned as a 380 metre landmark building in Binhai New Area.

Xian is the capital city of Shaanxi Province, and not only enjoys a booming tourism business but also a strong high-tech industry. The city managed to achieved GDP growth of 14.5% in 2009 and raised GDP per capita to close to the USD5,000 level. Given such favorable conditions, the property market remained healthy. The Group's only project in the city, R&F City, is in its fourth year of development and sold well during the year, with sales increasing by approximately 86% over the previous year to a contracted sales total of RMB744 million.

Taiyuan rapidly returned to economic growth in the second quarter of 2009 after a GDP decline in the first quarter, due to continuous strategic initiatives by the city on multiple fronts in areas such as agriculture, industry and services. The Group considers Taiyuan to be a promising market and has acquired a substantial land bank in the city to tap into its property market. Taiyuan's R&F City is located on a site with a total GFA of approximately 2.1 million sq.m., making it the Group's largest project in eastern China. The project is currently in its first phase of a total of seven phases, and since its first launch in July 2008, sales have reached RMB891 million. Following on from the success of R&F City, the Group launched the sale of R&F Modern Plaza in July 2009. This consists of ten 32 to 34 storey residential blocks centrally located close to the CBD and to several of Taiyuan's landmark buildings. The project is perceived as having good potential for appreciation in value, and registered RMB359 million of contracted sales in six months. Total sales for Taiyuan in 2009 more than trebled over the previous year, to RMB1.25 billion.

Shanghai and its vicinity has two projects in progress, both low-density residential developments. R&F Bay Shore is located in Kunshan, near Dingshan Lake, the largest lake in the vicinity of Shanghai. The first phase of this project consisted of 943 detached villas, which were put onto the market in September 2008. Sales were initially a little slow, but they gradually gathered momentum and a total of 146 villas were sold in 2009 for RMB549 million. R&F Peach Gardens in the Qing Pu District is a development of townhouses and low-rise apartments. The average selling price has been set at approximately RMB13,000 per sq.m., which is proving attractive to a broad range of potential buyers in the light of comparable prices in Shanghai and the moderate commuting time to the city. In 2009, the project sold 48,000 sq.m. in GFA for a total of RMB415 million.

Land bank

The Group has always been very cautious in assessing opportunities for land acquisition. During the 16 months up to May 2009, which included the worst period of the global financial turmoil, it acquired no land. In May 2009 the Group bought two pieces of land, one in Conghua and one in Beijing, followed by a further three sites in Guangzhou and, in November, one in Taiyuan. The Group's successful bidding for the Asian Games City in December jointly with other developers added a substantial amount of prime city land to its land bank. In total, new land acquisition amounted to approximately 2.70 million sq.m. in three cities (a figure that includes only the portion attributable to the Group at the Asian Games City site). This replenishment of land exceeded the amount of land used by approximately 1.06 million sq.m., resulting in the Group having a total land bank of 22 million sq.m. at the end of the year.

Location	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	5,176,000	4,751,000
Huizhou	249,000	188,000
Hainan	1,109,000	1,109,000
Chongqing	6,692,000	6,667,000
Chengdu	1,396,000	1,286,000
Kunshan	399,000	367,000
Shanghai	245,000	209,000
Beijing	1,630,000	1,261,000
Tianjin	2,744,000	2,374,000
Xian	630,000	578,000
Taiyuan	2,685, 000	2,685,000
Shenyang	133,000	133,000
Investment Properties	898,000	749,000
Total	**23,986,000**	**22,357,000**

Investment Properties

The only addition to the Group's portfolio of investment properties during the year was the Chongqing R&F Ocean Square retail complex. This property was completed in December 2009, and has just begun acquiring tenants. During the year, performance of the Group's key properties in its existing portfolio further improved, including that of the four hotels in operation, together with Guangzhou R&F Center, Beijing's R&F Center and R&F Plaza. Occupancy of the hotels increased across the board while average revenue per room was raised, although the hotel room glut in Beijing meant that occupancy rates at the Renaissance Beijing Capital Hotel remained less than satisfactory. Nevertheless, the Express by Holiday Inn Temple of Heaven Beijing showed that a properly positioned niche hotel can be profitable, even in a difficult business environment. All four hotels achieved positive cash inflow, and their combined cash inflow increased over the previous year. The Guangzhou R&F Center continued to attract new tenants, drawn by the quality of the building and its competitive advantages in terms of convenience of access and high standards of property management. The Group also sought to increase revenue from the R&F Plaza in Beijing by bringing in popular brand-name stores as anchor tenants to further boost shopper traffic.

Decorating work at the Chengdu Tianhui mall, superbly located in Chengdu's city center, is now close to completion. The mall is expected to be the next major addition to the Group's investment properties portfolio in 2010.

Investment properties completed or in the pipeline are as follows:

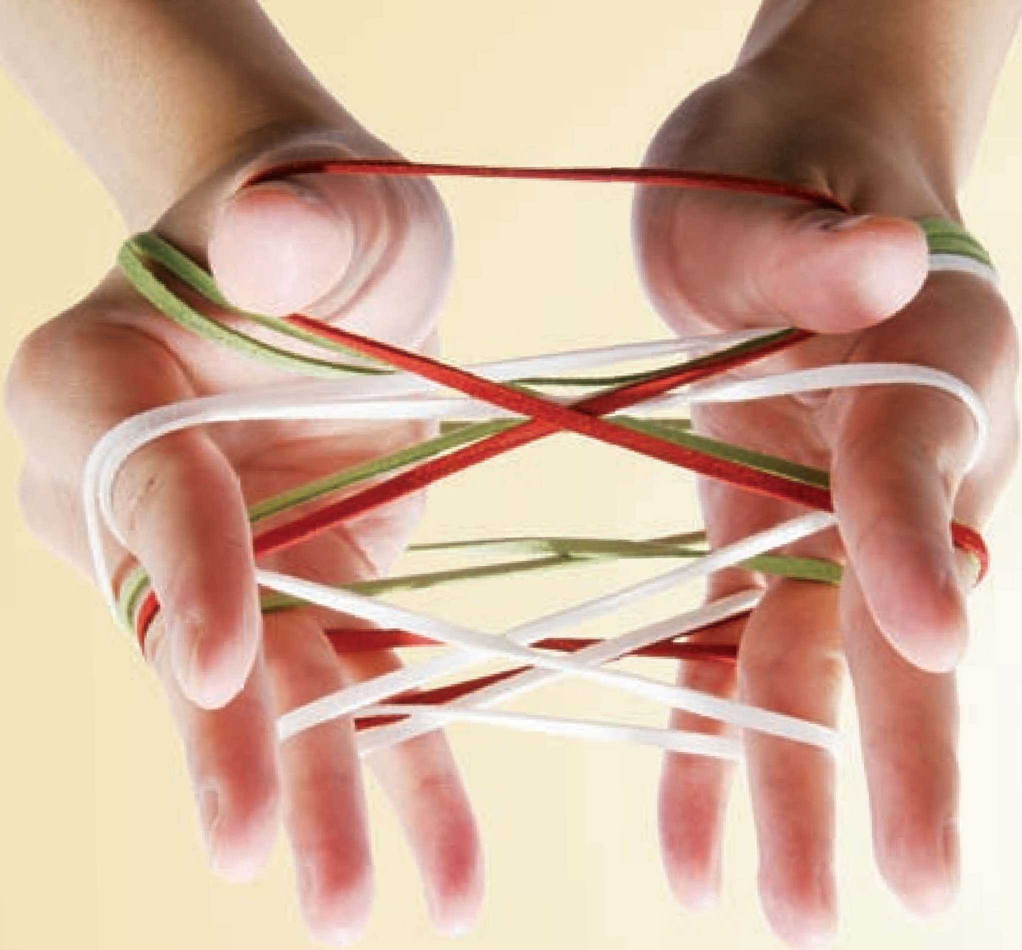
Investment properties	Location	Description	Approximate GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel, 351 rooms and 91 serviced apartments	104,000
Grand Hyatt Guangzhou*	Pearl River New Town F1-2	5-star hotel, 375 rooms	86,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Hotel Guangzhou	R&F Jing Gang City	4-star hotel, 320 rooms	34,000
R&F Ying Kai Plaza and Park Hyatt Hotel	Pearl River New Town J1-1	5-star hotel, service apartments and office	175,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel, 543 rooms	89,000
R&F Center*	Beijing R&F City	Office building	60,000
R&F Shopping Mall*	Beijing R&F City	Shopping mall	171,000
Express by Holiday Inn Temple of Heaven Beijing*	R&F Xinran Court/ Plaza	4-star hotel, 321 rooms	22,000
Tianjin			
Tianjin R&F City Commercial Complex	Tianjin R&F City	Office building, serviced apartments and shopping mall	167,000
Chongqing			
Hyatt Regency Hotel	Chongqing R&F Ocean Plaza	5-star hotel, 354 rooms	46,000
Holiday Inn @ University City Chongqing	Chongqing R&F City	4-star hotel, 390 rooms	67,000
Chengdu			
R&F Panda City Tianhui Mall	Chengdu Panda City	Shopping mall	255,000
Ritz-Carlton Chengdu	Chengdu Panda City	5-star hotel, 450 rooms	59,000
Huizhou			
Renaissance Huizhou Hotel	Huizhou Li Gang Center	5-star hotel, 345 rooms	67,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel, 380 rooms	50,000

* Completed

Outlook

The property market inevitably experiences ups and downs, affected by economic cycles and the changing regulatory environment. The Group is, however, confident about prospects for long-term healthy growth of the property market, given the fundamental demand for better housing right across China and the steady rise in incomes there. The Group will manage its business appropriately to cope with any changes in the market, and focus on executing its business plan well. In 2010, the Group plans to sell over 40 projects in 12 cities to attain a contracted sales target of RMB30 billion and deliver 2.5 million sq.m. of properties. The details are set out below:

	To be completed in 1st half of 2010		To be completed in 2nd half of 2010	
Location	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	307,000	234,000	399,000	335,000
Huizhou	–	–	99,000	90,000
Hainan	33,000	31,000	138,000	138,000
Chongqing	70,000	64,000	142,000	136,000
Chengdu	133,000	90,000	–	–
Shanghai and vicinity	–	–	69,000	63,000
Beijing	167,000	160,000	368,000	351,000
Tianjin	170,000	146,000	368,000	344,000
Taiyuan	65,000	63,000	173,000	168,000
Xian	33,000	31,000	48,000	46,000
Shenyang	–	–	35,000	35,000
Total	**978,000**	**819,000**	**1,839,000**	**1,706,000**

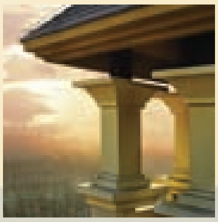


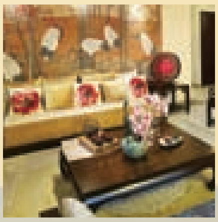
Building momentum to follow our government

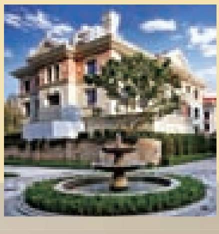
PLANNING & EXTENSION

R&F keeps in close touch with government moves to monitor and control the China property market, and responds quickly to the introduction of new policy measures. With urbanization one of the government's primary concerns, we are working to promote and support the development of affordable, high-quality mass housing for a wide range of the nation's socio-economic groups.


SHENYANG
BEIJING
TIANJIN
TAIYUAN
XIAN
CHENGDU
CHONGQING
SHANGHAI
GUANGZHOU
HUIZHOU
HAINAN







Chongqing R&F City

This project, which is being developed in two phases, has a site area of approximately 2.01 million sq.m. and a total GFA of approximately 6.8 million sq.m. Currently on sale are high level units with total GFA 300,000 sq.m., including 34-98 sq.m. luxurious units and garden houses of 104-250 sq.m.

Xian R&F City

Xian R&F City is located in the Xian National Civil Aerospace Technology Park, in the southern suburbs of Xian. With development and construction in four phases, it covers a site area of approximately 390,000 sq.m. and has a total GFA of approximately one million sq.m.

Beijing R&F Festival City

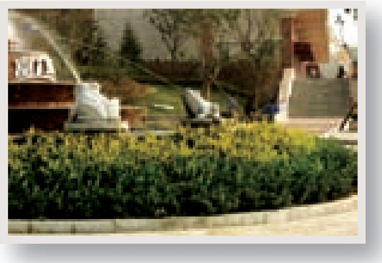
This project covers a site area of approximately 340,000 sq.m., and has a total GFA of approximately 1.12 million sq.m. It is divided into zones A, B and C, of which zone C is currently under construction.

Beijing R&F City Villa

Beijing R&F City was the first project undertook by R&F Properties on entering the Beijing real estate market, and has been developed in four phases. Currently on sale is R&F Villa which, with a total GFA of over 80,000 sq.m. and a plot ratio as low as 1.2, is part of the fourth and final phase. R&F Villa is located in the most tranquil part of Beijing R&F City, and enjoys a premium location.

Tianjin R&F City

Tianjin R&F City lies within the inner city center of the old Nankai District, enjoying access to a fine cultural heritage, comprehensive utilities, and good commercial facilities. It covers a site area of approximately 200,000 sq.m. and has a total GFA of approximately 930,000 sq.m. Zone C is currently under construction.



Taiyuan R&F City

Taiyuan R&F City is located in the Taiyuan city center. It covers a site area of approximately 1.06 million sq.m. and has a total GFA of approximately 2.11 million sq.m. The project is by far the largest urban development project undertaken by R&F Properties in cities of the northern region. The entire project will be developed in seven phases.

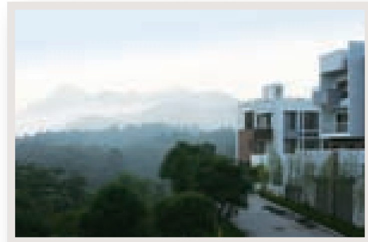
OUR PROPERTY PORTFOLIO

Guangzhou R&F Ying Tai Plaza

R&F Ying Tai Plaza is located at the junction of Huangpu Road and Liede Road, and enjoys the vibrant commercial atmosphere at the heart of Pearl River New Town. Consisting of two 25-storey buildings, it is one of R&F's important projects in Pearl River New Town, with a site area of 14,000 sq.m. and a total GFA of 130,000 sq.m.

Guangzhou R&F Jin Gang City

This project covers a site area of approximately 1.12 million sq.m. and has a total GFA of approximately 1.5 million sq.m. It consists of high-end houses and apartments, along with offices and starred hotels.



Guangzhou R&F Spring World

This project covers a site area of approximately 800,000 sq.m., and has a total GFA of approximately 520,000 sq.m. Located within the famous Conghua Hot Spring Resort area in Guangzhou, it has been architecturally designed to embody the concept of an "original ecological landscape resort community" to create ideal residential layouts and landscape patterns so that the buildings integrate perfectly with nature.

Shanghai R&F Peach Garden

This project is in Qingpu New City, surrounded by Daying Gang, West River and the Hu Du Bang River to the west, south and the north. It covers a site area of approximately 230,000 sq.m. and has a total GFA of approximately 290,000 sq.m. Plans are to develop the site into a low-density high-end residential community in a beautifully landscaped environment, situated between the inner and outer rivers.

Hainan R&F Bay Shore

Hainan R&F Bay Shore lies in the tourist resort district of Xiangshui Bay, in Lingshui County. The project covers a site area of approximately 1.24 million sq.m., and has a total GFA of approximately 340,000 sq.m. Besides enjoying the beautiful coastal beaches nearby, the project features extra-low building densities with design integrating features from luxury resorts round the world, and international premier butler services, all of which have helped shape R&F Bay into a world-class tropical coastal tourist resort.

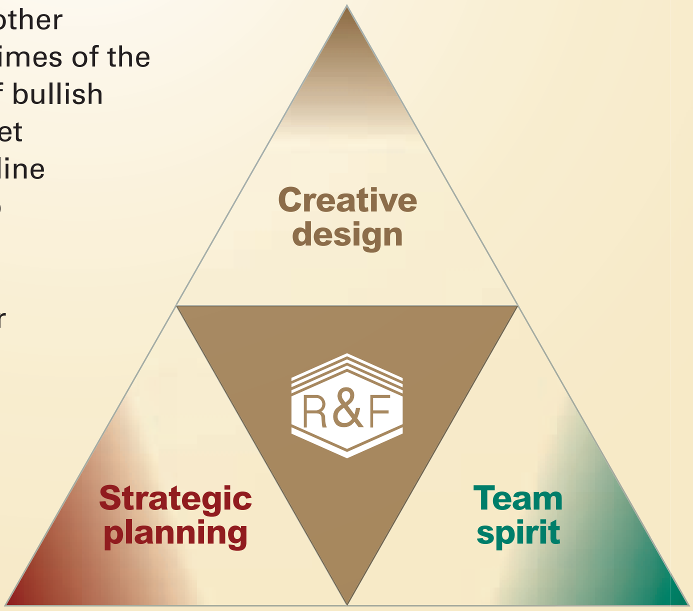
Shenyang Xianhu Project

This project is in Shenyang City, near the Taoxian Airport. Located in the center of the villa district, the project covers a site area of approximately 370,000 sq.m. and has a total GFA of approximately 200,000 sq.m. The residential area is landscaped naturally to a "Mountain Lake" theme, within which the villas are constructed.

Building momentum with our stakeholders

CO-OPERATION & SYNERGY

The loyal support of R&F's investors and other stakeholders has seen us through tough times of the economy and helped us make the most of bullish markets too. In return, our stakeholders get from us high standards of financial discipline mixed with a proactive readiness to grasp unique chances for land acquisition and property development. This combination of prudence and ambition, inspired by our stakeholders, is carrying us on to new heights.



INVESTOR RELATIONS

Investor Relations activities for Guangzhou R&F in 2009 started at a time where uncertainly regarding the Global Economy's future was at its peak. From the Company's point of view, China was already showing signs of recovery: our sales volumes had picked up rapidly and indeed the first half of 2009 produced the two strongest quarters in sales in our history. Investors, though, were skeptical, as we discovered from their feedback at a number of meetings and conferences around the world. To those investors and analysts who took our message seriously back then and acted on it, we offer our congratulations.

Having successfully issued our first domestic bonds denominated in RMBs during 2009, we also enjoyed our first encounters with domestic institutional investors in mainland China during the year. Our first impression on Shanghai and Shenzhen as financial centers in China was very impressive. We look forward to further develop our relationships with domestic investors.

As the China property industry continues to gain attention from investors worldwide, there has been a parallel increase in research work being undertaken by analysts and institutes into our industry. In response, we have strengthened our team with the aim of helping improve the flow of information to investors, fund managers and the research community, and keep our Company transparency at the highest level possible. We will continue to release our monthly sales data promptly to all subscribers, and we welcome any suggestions on how we can further improve communication with you.

Besides maintaining high transparency, we will continue to expand our communication channels with investors throughout the year by attending conferences organized by investment banks around the world. We believe that face-to-face meetings are amongst the best ways of helping investors understand our business strategies and goals here at Guangzhou R&F.

One reminder to all investors: meetings are best complemented by site visits. Each year we acquire new parcels of land and launch new products. Most importantly, China itself changes rapidly every year as its economy continues to grow and evolve. Though we do our best at meetings to help investors visualize what we are doing and what is happening around us, we believe sites visits are a must for serious investors, shareholders and research analysts alike.

We look forward to meeting and talking with as many of you as possible in the year 2010.

Thank you!

Investor Relations
Guangzhou R&F Properties Co., Ltd.

Conference attended in 2009:

January

- Deutsche Bank's Access China Conference – Beijing

March

- Credit Suisse Asian Investment Conference – Hong Kong

May

- Macquarie China Conference – Hong Kong
- CLSA HK & China Property Access Day – Hong Kong

June

- J.P. Morgan China Conference – Beijing

July

- Morgan Stanley China Property Corporate Day – Hong Kong

September

- CLSA China Forum – Shanghai
- J.P. Morgan's Real Estate Corporate Access Day – Singapore, Hong Kong

October

- Macquarie Asia Pacific Conference – London, New York

November

- Bank of America Merrill Lynch China Investment Summit – Beijing
- Daiwa Investment Conference – Hong Kong
- Morgan Stanley Annual Asia Pacific Summit – Singapore

December

- CLSA HK/China Property Access Day – Hong Kong
- Mitsubishi UFJ and Kim Eng Video Conference – Hong Kong

Banks / Securities companies covering R&F:

- ABN AMRO
- Bank of America Merrill Lynch
- Barclays Capital
- BNP Paribas Securities (Asia) Limited
- BOCI Research Limited
- BOCOM International Holdings Company Limited
- CCB International Securities Limited
- China International Capital Corporation Hong Kong Securities Limited
- Citic Securities International
- Citigroup Global Markets Asia Limited
- CIMB Securities (HK) Ltd.
- CLSA Research Limited
- Credit Suisse (Hong Kong) Limited
- Daiwa Institute of Research (H.K.) Ltd.
- Daiwa Securities Capital Markets Co.
- DBS Vickers (Hong Kong) Ltd
- Deutsche Bank AG
- Goldman Sachs (Asia) L.L.C.
- Guotai Junan Securities
- HSBC Global Research
- ICEA Securities Asia Limited
- J.P. Morgan Securities (Asia Pacific) Limited
- Kim Eng Securities (HK) Ltd
- Kingsway Financial Services Group Limited
- MainFirst Securities Hong Kong Ltd.
- Macquarie Capital Securities Limited
- Mirae Asset Securities (HK) Limited
- Mitsubishi UFJ Asset Management
- Morgan Stanley Asia Limited
- Nomura International (Hong Kong) Limited
- Platinum Securities Company Limited
- The Royal Bank of Scotland Group
- Shenyin Wanguo Asset Management (Asia) Limited
- Sumitomo Mitsui Asset Management (Hong Kong) Limited
- Sun Hung Kai Financial Securities Limited
- Taifook Asset Management Limited
- UBS AG
- UOB Kay Hian (Hong Kong)

Employee development

At the end of 2009, the Group had 6,436 employees (2008: 5,058).

In 2009, with the general aim to improve personnel management company-wide across the nation, the Group made optimal use of its internal resources to coordinate the deployment of employees among its regional subsidiaries such that they could better adapt to their different postings and then excel. This has also enhanced communications and co-operation between the Group's regional subsidiaries to allow them to play a critical role in the Group's strategic move to become a national developer as well as laying a solid foundation for integrated management within the Group.

Following the fruitful results achieved in 2008, the Group launched in the year its staff training with focuses and at different levels. The Group approached the task starting from the formalization of training procedures while emphasizing details, focusing on tapping its internal resources and, nurture in-house lecturers with professional skills who could provide training for employees effectively in time. As for the structure of training courses, the Group strive to "refine the contents of training courses by topics and by stages", making the training courses more tailor-made and job-relevant as well as structurally more transparent.

In 2009, the Group further enhanced its staff appraisal system, emphasized performance interviews, improved internal management and communications. At the same time, more comprehensive assessment for promotion was introduced in order to ensure that the employees promoted could meet the demand of their new posts. The human resources system of the Group facilitated the appraisal process and personnel management generally and strengthen the control of human resources of regional subsidiaries to ensure adherence to the direction of the Group.

The Group's E-HR project was successfully tested and accepted launching a common information platform assessable to all users nationwide within the Group which in turn regulated procedure flow, raised efficiency and advanced corporate management and control of human resources management.

Community Service

Over the years, R&F has all along maintained its positive image of a good "corporate citizen". The Group always endeavors to serve the society and the people and ready to assume its corporate and social responsibilities while growing its business. Up to 31 December 2009, the Group had made various charitable donations in an aggregate amount of more than RMB160 million.

In celebration of the 15th anniversary of its founding, the China Charity Federation had on 16 July 2009 held a grand award presentation ceremony at the People's Great Hall in Beijing. Mr. Zhang Li, Co-chairman and Chief Executive Officer of the Company, was honored with the "Chinese Charity Award (Individuals) for Outstanding Contributions" (中華慈善突出貢獻（個人）獎).

In November 2009, China Youth Development Foundation presented R&F with the "Project Hope 20 Years Special Contributions Award" (希望工程20年特殊貢獻獎) in consideration of the contributions made to the Project Hope by R&F. The Company had made a donation in the amount of RMB150 million to the Project Hope.

Guangzhou Charity Federation made 22 December, 2009 "Guangzhou Charity Day". R&F donated a sum of RMB5 million to Guangzhou Charity Federation to extend its congratulations and show its support.

The Group has changed its accounting policy in respect of land use rights which is held for development for sales. Previously land use rights which is held for development for sales were classified as prepaid operating lease; beginning this year, such land use rights is classified as inventory. The financial statements should be read in light of this change. The full detail of this change of accounting policy is set out in note 2.1(a) to the consolidated financial statements.

The Group's net profit for the year amounted to RMB2.921 billion, against RMB3.138 billion for the previous year. One major factor behind this decrease was the difference in fair value gain on investment properties (net of income tax), which this year amounted to RMB453.2 million against RMB1.1 billion in 2008. Net profit of the Group's core business of property development rose by RMB401.8 million, on a 15.3% increase in turnover from sale of properties. This was after a one-time charge of RMB240 million, being the deposit forfeited for a piece of land in Foshan. Regarding the Group's other business segments, profit from property investment (excluding fair value gains) increased by RMB35.9 million, while the net loss for the hotel operation fell to RMB179.2 million from RMB183.9 million the previous year. Net loss from all other business segments (including construction services, which was separately disclosed last year) increased slightly, by RMB7.6 million.

The hotel operation had its first full year financial results since the opening of the Group's four hotels, two in Guangzhou and two in Beijing, between March and July of 2008. Occupancy at these hotels improved to various extents over their first year of operation, and total revenue increased accordingly by 120% to RMB404 million, generating a RMB104 million increase in operating profit. This operating profit could not, however, fully cover finance costs and depreciation of the hotels, resulting in a net loss of RMB179.2 million.

Consolidated Income Statement

2009

	Note	Property Development (RMB'000)	Property Investment (RMB'000)	Hotel Operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	16,984,364	278,059	404,079	529,961	18,196,463
Cost of sales	2	(11,610,620)	(53,205)	(321,467)	(461,552)	(12,446,844)
Gross profit	3	5,373,744	224,854	82,612	68,409	5,749,619
Other gains	4	600,881	604,235	1,777	6,562	1,213,455
Selling and administrative expenses	5	(998,492)	(11,997)	(204,607)	(134,036)	(1,349,132)
Other operating expenses		(230,784)	–	(12,692)	(4,512)	(247,988)
Operating profit / (loss)		4,745,349	817,092	(132,910)	(63,577)	5,365,954
Finance costs	6	(230,374)	(150,991)	(106,066)	(17,903)	(505,334)
Share of results of jointly controlled entities and associates		(2,427)	–	–	434	(1,993)
Profit / (loss) before income		4,512,548	666,101	(238,976)	(81,046)	4,858,627
Income tax expense	7	(1,827,555)	(166,525)	59,744	(3,058)	(1,937,394)
Profit / (loss) for the year	8	2,684,993	499,576	(179,232)	(84,104)	2,921,233

2008
(Restated)

	Note	Property Development (RMB'000)	Property Investment (RMB'000)	Hotel Operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	14,729,468	156,980	183,295	290,408	15,360,151
Cost of sales	2	(9,754,677)	(9,292)	(218,067)	(219,645)	(10,201,681)
Gross profit / (loss)	3	4,974,791	147,688	(34,772)	70,763	5,158,470
Other gains	4	47,876	1,473,016	–	–	1,520,892
Selling and administrative expenses	5	(973,025)	(65,097)	(153,070)	(114,941)	(1,306,133)
Other operating income		30,750	–	–	2	30,752
Operating profit / (loss)		4,080,392	1,555,607	(187,842)	(44,176)	5,403,981
Finance costs	6	(194,105)	(68,528)	(57,291)	(21,278)	(341,202)
Share of results of jointly controlled entities and associates		(479)	–	–	7,812	7,333
Profit / (loss) before income		3,885,808	1,487,079	(245,133)	(57,642)	5,070,112
Income tax expense	7	(1,602,565)	(371,771)	61,283	(18,850)	(1,931,903)
Profit / (loss) for the year	8	2,283,243	1,115,308	(183,850)	(76,492)	3,138,209

The Group carries out its core business of property development in 12 cities. During the year, the Group made its first ever deliveries in Hainan, Huizhou, Taiyuan and Shanghai and its vicinity, in addition to completing projects in Guangzhou, Beijing, Tianjin, Xian and Chongqing. The following comments, with the exception of #6 (on financing costs) and #8 (on net profits), relate only to the results from sales of properties:

1. Turnover increased 15.3% to RMB16.98 billion, from RMB14.73 billion in the previous year. Reflecting a lower average selling price, the amount of saleable area sold increased by 22.2%, more than the increase in turnover, to 1.728 million sq.m. from 1.413 million sq. m in 2008. The overall average selling price fell slightly, from RMB10,420 to RMB9,830 per sq.m., due to the impact of lower selling prices in the new cities and a drop in the average selling price in Guangzhou. Guangzhou accounted for 42% of total turnover, the highest among all 11 cities. Turnover there, derived mainly from five residential and two commercial projects, amounted to RMB7.085 billion, up from RMB6.737 billion. Guangzhou R&F Peach Garden was the Group's top project, with turnover amounting to RMB1.872 billion, but the average price of the project fell by 15.8% to RMB10,730 per sq.m. causing the average selling price in Guangzhou to decrease as mentioned above. The average selling prices of the Group's other major residential properties basically held up as compared to the previous year. With the sale and delivery of R&F Ying Feng Plaza and the remainder of R&F Ying Tai Plaza bringing in RMB2.502 billion, sale of commercial properties accounted for more than one third of the Group's turnover in Guangzhou. The average selling price of these two commercial properties, at RMB19,160 per sq.m., was higher than that for residential properties. Sales in Beijing amounted to RMB3.423 billion (2008: RMB3.505 billion) and accounted for 20% (2008: 24%) of the Group's total turnover. This turnover came mainly from projects continuing from the previous year, with the addition of RMB520 million from the new R&F Bayshore project. R&F Festival City and R&F Peach Garden, each with turnover exceeding RMB1 billion, together made up 69% (2008: 74%) of the total turnover from Beijing. The average selling prices of projects were better across the board than comparable prices in 2008; and with the final phase of the relatively pricey R&F City villas coming on the market, the overall average selling price for Beijing increased by 7% to RMB12,040 per sq.m. for the year. Turnover from Tianjin increased for the fourth consecutive year. Three projects, R&F City, R&F Jinmen Lake and the new R&F Peach Garden, generated combined turnover of RMB2.991 billion, a 27% increase over that of 2008. The selling prices of the Tianjin projects moved in different directions. The selling price for R&F Jinmen Lake improved as the sales which had already been made at relatively lower prices when the Group acquired the projects were cleared out the previous year. However, the average selling price for R&F City fell by 19% and R&F Peach Garden fetched a lower selling price of RMB6,240 per sq.m., largely because of its location. The overall average selling price for Tianjin remained largely unchanged. Turnover from Chongqing fell to RMB1.061 billion for the year from RMB1.560 billion in 2008, mainly due to the conclusion of the R&F Ocean Square project which had registered RMB1.067 billion in turnover in 2008. R&F Modern Plaza and R&F City accounted for 91% of this year's turnover in Chongqing, and as their average selling price was less than that for R&F Ocean Square, the average selling price for Chongqing as a whole decreased by 13% to RMB5,120. In Xian, even-paced development of the Group's sole project, R&F City, resulted in stable turnover of RMB496 million and a selling price of RMB5,490 per sq.m. The combined turnover from new cities, including Huizhou, Hainan, Shanghai and Taiyuan, amounted to RMB1.928 billion and made up 11.4% of the Group's turnover. Average selling prices in these cities varied from a high of RMB9,950 per sq.m. in Hainan to a low of RMB5,060 per sq.m. in Taiyuan.

The following table gives the breakdown of saleable area, turnover, and percentage attributable to the Group for the sale of properties during the year:

Project	Approximately saleable area sold (sq.m.)	Amount of turnover (RMB million)	Percentage attributable to the Group
Guangzhou			
R&F Peach Garden Phase II & III	174,495	1,871.85	100%
R&F Ying Tai Plaza	66,420	1,373.26	100%
R&F Ying Feng Plaza	64,171	1,128.29	100%
Guangzhou R&F City	131,801	1,122.46	100%
R&F Cambridge Court	52,187	628.39	100%
R&F Plaza (South Court)	30,383	501.34	100%
R&F Jin Gang City	37,539	144.41	100%
Other	17,799	315.30	100%
	574,795	7,085.30	
Beijing			
R&F Festival City	129,713	1,343.34	100%
R&F Peach Garden	85,315	1,029.72	100%
Beijing R&F City	13,170	272.51	100%
R&F Xinran Court	16,294	249.28	100%
R&F Edinburgh Plaza	227	8.40	100%
R&F Bay Shore	39,657	519.93	100%
	284,376	3,423.18	
Tianjin			
Tianjin R&F City	132,447	1,096.47	100%
R&F Peach Garden	47,415	295.63	100%
R&F Jinmen Lake	145,592	1,599.10	100%
	325,454	2,991.20	
Chongqing			
R&F Ocean Plaza	14,166	95.67	100%
R&F Modern Plaza	86,602	415.06	100%
Chongqing R&F City	106,533	550.47	100%
	207,301	1,061.20	
Xian			
Xian R&F City	90,292	495.66	100%
Huizhou			
R&F Li Gang Center	73,286	618.38	100%
Hainan			
R&F Bay Shore	42,126	419.00	100%
Shanghai			
R&F Peach Garden	34,934	308.04	100%
R&F Bay Shore	34,286	275.30	100%
	69,220	583.34	
Taiyuan			
Taiyuan R&F City	60,656	307.10	100%
Total	**1,727,506**	**16,984.36**	

2. Cost of goods sold can be analyzed into five components, of which land and construction costs is the most important, making up 80% of the Group' s total costs. Overall land and construction costs per sq.m. fell to RMB5,360 from RMB5,940 in the previous year. This decrease reflected the lower land cost of projects in new cities such as Taiyuan, as well as certain savings in construction costs, especially in Guangzhou. Land and construction costs in Guangzhou decreased by 19% to RMB6,240 sq.m. despite the relatively higher land cost of projects in the Pearl River New Town. Land and construction costs ranged from a high end in the range of RMB6,000 per sq.m. (in Guangzhou, Beijing and Hainan) to a low end in the range of RMB3,000 per sq.m. (in Chongqing and Taiyuan). Capitalized interest has become a major part of the cost of goods sold; the amount included in cost of sales was RMB1.019 billion. This figure represents approximately 8.8% of total costs, up from RMB455.5 million and 4.7% the previous year. As a percentage of turnover from sale of properties, capitalized interest increased to 6.0% from 3.1%. This significant increase reflects the delayed effect of rising financing costs in recent years. The cost of goods sold also included RMB930 million in business tax, making up 8% of costs.

3. Overall gross margin for the year was 31.6% as compared to 33.8% in 2008, the fall being mainly the result of lower selling prices of certain projects. Much of the turnover recognized for the year arose from contracted sales made during the market downturn. The average selling price at two of the Group's major projects, Guangzhou R&F Peach Garden and Tianjin R&F City, dropped 16% and 19% respectively, causing a fall in gross margin of over ten percentage points at the project level. As these two projects together made up 17.5% of the Group's total turnover, the negative impact of this fall on the Group's overall gross margin is estimated to be approximately 1.4 percentage points. The larger amount of capitalized interest added to the cost of sales, which went up from 3.1% to 6% of turnover as mentioned above, was another factor affecting gross margin.

4. Other gains mainly arose from profit on the sale of the office tower adjoining the Guangzhou Grand Hyatt Hotel.

5. Selling and administration expenses for the year increased by 3% or RMB25 million, to RMB998 million. Broken down, selling expenses increased by RMB45 million to RMB305 million and administrative expenses decreased by RMB19 million to RMB693 million. The Group's scale of operations continued to expand; it had 37 projects on sale and 35 projects under development, and its contracted sales increased by 50% to RMB24 billion. Various advertising costs increased by 19% to RMB160 million, making up 52% of selling expenses. In fact, the Group's advertising became more efficient in the year, with contracted sales per RMB million of advertising expenditure increasing to RMB151.6 million from RMB122.5 million. Manpower costs made up 50% of administrative expenses. The Group continued to invest in human capital, hiring additional employees during the year and raising remuneration in general to an even more competitive level. Total manpower-related costs increased by RMB53.3 million to RMB337.6 million. This increase however was more than offset by savings on other administrative expenses, resulting in a 3% fall in total administrative expenses to RMB693 million. Selling and administrative expenses as a percentage of turnover decreased to 5.9% from 6.6% in the previous year.

6. Finance costs which increased by 48% to RMB505.3 million (2008: RMB341.2 million), and were made up of the interest expenses incurred in the year after deduction of average amount capitalized to development costs. With average outstanding bank loans of approximately RMB20.8 billion and an average interest rate of 5.4%, total interest expenses for the year amounted to RMB1,341.0 million. This was 15% less than the interest expenses for 2008, mainly as a result of lower interest rates. The amount of interest capitalized, however, also fell by RMB327 million, resulting in a net increase in finance costs. Capitalized interest released to cost of goods sold amounted to RMB1.019 billion, as compared to RMB455.5 million for the previous year. Aggregate interest costs included in this year's results amounted to RMB1.524 billion (2008: RMB796.7 million).

7. Land appreciation tax (LAT) of RMB821.5 million (2008: RMB793.4 million) and Enterprise Income Tax of RMB10.06 billion brought the Group's total

income tax expenses for the year to RMB1.8275 billion. As a percentage of turnover, LAT decreased to 4.8% from 5.4% in 2008. This decrease was due to slightly lower gross profit margins on certain projects; for example, although Tianjin had a combined turnover exceeding that of 2008, LAT actually fell by approximately RMB120 million. The effective enterprise income tax rate changed to 27.3% (2008: 26.2%), deviating from the standard rate by 2.3% because of permanent differences which limit the tax deductible amount.

8. Overall the Group's net profit margin for the year was 16.1%, as compared to 20.4% in the previous year. A major factor for this decrease was the difference in magnitude of the fair value gain in each of the two years. Also contributing to the change was the lower gross profit margin for property development.

Consolidated Balance Sheet

	Note	As at 31 December 2009 (RMB'000)	As at 31 December 2008 (Restated) (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	691,855	625,463	11%
Property, plant and equipment	2	3,494,362	3,367,336	4%
Investment properties	3	10,331,637	7,360,581	40%
Intangible assets	4	853,098	876,328	-3%
Interests in jointly controlled entities	5	876,063	628,998	-39%
Interests in associates		35,348	43,028	-18%
Deferred income tax assets	6	719,589	284,514	153%
Available-for-sale financial assets	7	175,000	132,903	32%
Trade and other receivables	8	461,108	365,539	26%
Current assets				
Properties under development	9	30,324,980	26,672,498	14%
Completed properties held for sale	10	4,715,325	7,721,454	-39%
Inventories		285,833	116,986	144%
Available-for-sale financial assets	7	–	171,097	-100%
Trade and other receivables	8	4,553,132	3,914,990	16%
Tax prepayments		939,436	712,354	32%
Restricted cash	11	1,244,972	603,288	106%
Cash	11	6,642,279	1,449,668	358%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	12	17,522,790	10,982,500	60%
Long-term payables		–	136,000	-100%
Deferred income tax liabilities		1,726,853	1,648,911	5%
Current liabilities				
Accruals and other payables	13	8,846,410	9,264,791	-5%
Deposits received on sale of properties	14	11,365,612	6,117,317	86%
Current income tax liabilities		2,995,887	2,363,986	27%
Short-term bank loans	12	853,499	2,188,922	-61%
Current portion of long-term bank loans	12	6,013,600	7,299,500	-18%
SHAREHOLDERS' EQUITY		**16,913,642**	**14,952,049**	**13%**
Minority interest in equity		105,724	93,049	14%

1. With the change of accounting policy, this related to self-use assets only. Increase being mainly the land cost of i) Chongqing's Hyatt hotel which is under construction, ii) the newly built facilities in Hua Du for future logistic business and iii) the club house of Tianjin R&F City.

2. The increase being the additional costs in the year of which the main items were the facilities in Hua Du for logistic business and the club house of Tianjin R&F City and offset by disposals mainly represented by the cost of the Grand Hyatt office tower sold.

3. Two new properties viz. the retail complex of Chongqing R&F Ocean Square and Chengdu's Panda City shopping mall added RMB2.75 billion to the value of investment properties. The fair value of the properties existing at the beginning of the year increased by RMB203.5 million equivalent to approximate 3% appreciation.

4. The decrease was mainly represented by the amortization of the final part of the intangible asset related to customer contracts that arose from the acquisition of Guangzhou Tianli Construction.

5. Increase being additional contributions to two jointly controlled entities engaged in the development of the Lie De Cun site and of the J1-1 site both in the Pearl River New Town, Guangzhou in which the Group holds 33.34% and 87.1% interest respectively.

6. Increase in deferred tax that arose from tax losses carried forward of group companies and from accrual of development costs were the main reason for the increase.

7. The balance represented 4.88% interest in Guangzhou Securities Co., Ltd. ("GSC"). The Group originally held 19.58% in GSC but disposed 11.02% in the year and retaining 8.56% interest. As a result of GSC increase of capital, this remaining interest was diluted to the current 4.88% and stated herein at its fair value which approximated the sale price of the disposed interests.

8. Efficient credit control had kept trade receivables at a low level relative to the turnover of the Group and there were no material overdue debts. Net increase of the non-current portion mainly arose from prepayment on certain development costs.

9. Of this balance, 38% was land use rights, 3% was finance costs capitalized with the other 59% being construction cost. In terms of amount, land use rights decreased by RMB842 million due to transfer out upon completion of properties while much of the payments made for the land purchased in the year were still classified as prepayment pending transfer of risk and reward. The increase in construction cost reflected that saleable area under various stage of development at the end of 2009 further increased by 1.3 million sq.m. to 5.6 million sq.m.

10. Decreased from the previous year due to robust sale in the year that reduced inventory level. Of this balance, 22% was land use rights, 5% was finance cost capitalized with the other 73% being construction cost. Beijing accounted for 41% of the total; mainly included a substantial number of car park space in R&F City and also commercial units at R&F Xinran Court. Guangzhou accounted for 30% and mainly included units in R&F Sheng Yue Court and R&F City.

11. Cash on hand maintained at a level adequate for the Group's operation. Increased significantly due to strong sales and the issuance of RMB5.5 billion domestic bonds.

12. Refer to "Financial resources, liquidity and liabilities"

13. Construction payables representing approximately 56% of the total and decreased by RMB801 million on completion of certain major projects in Beijing.

14. Increased in line with 50% increased in contracted sales and being pre-sale proceeds from 26 projects most of which will be delivered in 2010.

Cashflow

	Note	2009 (RMB'000)	2008 (RMB'000)
Net cash generated from operating activities	1	4,524,260	1,314,932
Net cash used in investing activities	2	(2,324,540)	(962,836)
Net cash generated from/(used in) financing activities	3	2,992,891	(232,119)
Net increase in cash		5,192,611	119,977
Cash at 1 January		1,449,668	1,329,691
Cash at 31 December		6,642,279	1,449,668

1. Significant positive cash inflow from operation resulted from strong contracted sales which generated RMB21.7 billion pre-sale proceeds while land premium payments remain modest.

2. A main part of 2009 cash used in investing activities was the investment in the joint venture for the development of the Asian Games City.

3. Mainly proceeds of the RMB5.5 billion domestic bonds issue offset by dividend paid of RMB902 million and net repayment of bank borrowings amounted to RMB1,510 million for the year.

Financial resources, liquidity and liabilities At 31 December 2009, the Group's cash amounted to RMB7.89 billion and with a total borrowing at RMB24.39 billion which included the RMB5.5 billion domestic bonds issued in October 2009. Net debt to equity ratio improved to 97.6% from 123.2% the previous year mainly as a result of the cash inflow from strong sale in the year. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB24 billion (2008: RMB13 billion) was unutilized giving the Group ample standby financial resources. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits. The Group is continuing to pursue a proposed A share issue which if materialize will significantly improve the capital structure of the Group. However, the soundness of the Group's financial position is not dependent on this happening.

Debt profile

		Due within					
	Total	1 year	2 years	3–5 years	Over 5 years	Interest	Secured
	(RMB million)						
Long-term bank loans	18,107	6,013	5,591	3,855	2,648	Floating	RMB9.267B secured
Corporate bonds	5,429	–	–	5,429	–	Fixed	
Short-term bank loans	854	854	–	–	–	Floating	RMB625M secured
	24,390	6,867	5,591	9,284	2,648		

In October 2009, the Group issued a RMB5.5 billion domestic corporate bond with 5 year maturity at a fixed interest rate of 6.85%. Part of this proceeds was used to refinance short-term bank loans and with the effect of significantly reduced debts due within 2 years to 51% of total debts from 87% last year. Bank loans repaid in the year amounted to RMB13.3 billion while new bank loans of RMB11.8 billion was procured at interest rates ranging from 4.78% to 5.94%. The effective interest rate of the total bank loan portfolio at 31 December 2009 was 5.40% (2008: 6.77%). Exchange rate exposure was minimal as non-RMB loans accounted for only approximately 2% of total bank loans. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate domestic bond further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Charge on assets As at 31 December 2009, assets with total carrying values of RMB14.7 billion were pledged to banks to secure bank loans amounting to RMB9.59 billion (at 31 December 2008: RMB8.60 billion).

Contingent liabilities The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2009, such guarantees totaled RMB12.19 billion, a 26% increase from RMB9.66 billion as at 31 December 2008.

Material acquisitions and disposals

On 22 December 2009, the Company successfully bid for a piece of land in Guangzhou for RMB25.5 billion together with Agile Property Holdings Limited and Country Garden Holdings Company Limited through a joint venture company in which the Company holds 34% interest. The land is part of the Asian Game complex and has a site area of approximately 2,639,520 sq.m. and a gross floor area totaling approximately 4,380,000 sq.m. for residential and commercial properties development.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The practices adopted by the Company place a focus upon maintaining a high-quality board, effective internal controls, a high level of transparency, and full accountability to shareholders. Throughout the year the Company complied with PRC Company Laws, the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and all other relevant laws and regulations.

The Board

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and management.

At 31 December 2009 the Board consisted of nine directors. This number was made up of four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and Chief Executive Officer, Mr. Zhou Yaonan, and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors, Mr. Dai Feng, Mr. Huang Kaiwen and Mr. Lai Ming, Joseph. Biographical details of the directors and their relationships, if any, are set out on pages 61 to 64 of this annual report. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a balanced mix of skills and expertise that will continue to provide the Company with effective leadership.

All directors have entered into a service contract with the Company for a specific term of three years. All are subject once every three years to retirement from office by rotation and re-election at the annual general meeting, in accordance with the articles of association of the Company ("Articles of Association").

The Company has not established a nomination committee: instead, the Board is collectively responsible for the appointment of new directors either to fill casual vacancies or as additional Board members. The non-executive director, Ms. Zhang Lin and the other two supervisors, namely Ms. Liang Yingmei and Mr. Zheng Ercheng, will retire and offer themselves for re-election at the forthcoming 2009 annual general meeting.

All directors, including non-executive directors and independent non-executive directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. All non-executive and independent non-executive directors possess appropriate academic and professional qualifications and related management experience, and have contributed advice to the Board. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to strategy, performance, conflicts of interest and management processes are valuable for taking into account and protecting the interests of the Company's shareholders.

All directors of the Company have access to timely information about the Group's business and are able to make further enquires whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues related to the Group's business at the Company's expense.

The Company continuously updates all directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, both to ensure compliance and to enhance their awareness of good corporate governance practices.

As Chairman, Mr. Li Sze Lim provides leadership and oversees the Board's workings. He ensures that all directors are properly briefed on issues arising at Board meetings, and receive comprehensive, relevant and reliable information in a timely manner. He is also responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board, and that the Board adopts good corporate governance practices and establishes effective communication channels with shareholders.

Mr. Zhang Li, the Co-chairman, is the Chief Executive Officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board. The role of the Chief Executive Officer is separate from that of the Chairman.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. All independent non-executive directors have confirmed their independence and the Company consider each of them to be independent.

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhou Yaonan	4/4
Lu Jing	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Huang Kaiwen	4/4
Dai Feng	4/4
Lai Ming, Joseph	4/4

During these meetings, the directors discussed matters relating to business policies and strategies, corporate governance, and financial and internal control systems. They reviewed the interim and final business results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic media.

According to the Articles of Association, notice for Board meetings should be given to all directors at least 10 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like discussed in the agenda.

The company secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involve a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues. The Board's audit committee and remuneration committee both adopt the practices used in the general Board meetings.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), laid out in Appendix 10 to the Listing Rules, as the code of conduct for directors in any dealings in the Company's securities. The Company has made specific enquiries of each director, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2009.

Supervisory committee

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Mr. Zheng Ercheng and Ms. Liang Yingmei, and one who represents employees, Mr. Feng Xiangyang. The supervisors effectively performed their supervisory duties relating to the Company's operations.

Audit committee and accountability

The audit committee was established on 27 June 2005 with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee reports to the Board and has held regular meetings to review and make recommendations for improving the Group's financial reporting processes and its internal controls. The committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Dai Feng and Mr. Lai Ming, Joseph. The chairman of the committee is Mr. Lai Ming, Joseph, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. It is also responsible for preparing financial statements of accounts that give a true and fair view of the Company's finances. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; make recommendations to the Board on appointing or removing external auditors; and consider their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2009 and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

The attendance records of individual committee members are set out as below:

Committee members	Meetings attended /Total
Lai Ming, Joseph	2/2
Dai Feng	2/2
Li Helen	2/2

Remuneration of auditor

PricewaterhouseCoopers is the Company's external auditor. During the year the firm was not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditors of the Group until the date of the next annual general meeting, pending approval by shareholders at the forthcoming 2009 annual general meeting. During the year, the total remuneration paid in respect of audit services was RMB5.12 million.

Internal controls

The Board is responsible for maintaining a system of effective internal controls to protect the Group's assets and its shareholders' interests. The Board closely monitors the implementation of the Company's internal controls and risk management systems, assessing their effectiveness based on discussions with the management of the Company and its external auditors, as well as reviews conducted by the audit committee.

The Company's internal controls and audit functions are embedded within its various operational departments. The Group's system of internal controls includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement and monitor the strategies and policies adopted by the Board. Each department has a responsibility to effectively use Company resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. Every department is given defined goals, which have been discussed in Board meetings and passed on to management through the executive directors. The executive directors will closely monitor the efforts to meet these goals, reviewing operational and financial results from time to time and taking any necessary actions for improving the Company's business activities.

These internal control and audit functions are reviewed and assessed on an on-going basis by the executive directors, and will be further reviewed and assessed at least once each year by the audit committee.

The Board believes that the existing system of internal controls is adequate and effective.

Remuneration committee

The remuneration committee was established on 27 June 2005, with written terms of reference. The committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Dai Feng and Mr. Huang Kaiwen. Mr. Li Sze Lim is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board policy on remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The committee determines the remuneration packages of executive directors and members of senior management. The remuneration of executive directors is linked to the Company's business performance and profitability in the context of current market conditions. Individual directors and senior management are not involved in determining their own levels of remuneration.

During the year the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior managers. It reported that the compensation payable to each director and senior manager was in accordance with contractual terms, and that such compensation was fair and not excessive.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/ Total
Li Sze Lim	1/1
Dai Feng	1/1
Huang Kaiwen	1/1

Details of emoluments paid to the directors for the year are set out in the notes to the financial statement on page 150.

Investor and shareholder relations

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. The corporate website is another channel through which the Company provides up-to-date information.

The Company takes every precaution in its handling of price-sensitive information. During the period as prescribed by the Listing Rules before its financial results are released, the Company's directors and senior management staff are prohibited from dealing in the Company's shares. Interviews with financial analysts and media are restricted.

The annual general meeting also serves as an important channel of communication between directors and shareholders. The chairman personally chairs the annual general meeting to ensure shareholders' views are communicated to the Board. During the annual general meeting, the chairman of the Board and its committees are present to answer any queries from shareholders. The chairman will also propose separate resolutions for each issue to be considered at the annual general meeting.

The proceedings of the annual general meeting are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the annual general meeting, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 45 days prior to the date of the meeting.

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2009.

Principal activities

The Group's principal activity is the development of quality residential and commercial properties for sale in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou, and other cities, which are held as investment properties.

An analysis of the Group's turnover and total assets during the financial year, by business segment, is set out in note 5 to the financial statements.

Principal subsidiaries, associated companies and jointly controlled entities

A list of principal subsidiaries, associated companies and jointly controlled entities, together with their places of operation and incorporation, their issued capital and registered capital, is set out in notes 10, 11 and 12 to the financial statements.

Results

The profit of the Group for the year ended 31 December 2009 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 67 to 166 of this annual report.

Financial summary

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 168 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

Interim dividend

The Board declared no interim dividend for the six months ended 30 June 2009.

Final dividend

The Board has passed a resolution proposing the distribution of final dividends for 2009 at RMB0.36 per share. The proposed final dividend, if approved by shareholders at the annual general meeting (the "AGM") to be held on 28 May 2010, will be paid to shareholders (including holders of both domestic shares and H shares) whose names appear on the register of members on 28 May 2010. The proposed dividend has not been reflected in the financial statements as at 31 December 2009.

According to the Articles of Association, dividends payable to shareholders are calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares are paid in RMB, whereas dividends payable to holders of the Company's H shares are paid in Hong Kong dollars. The exchange rate to be adopted is the average closing exchange rate, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividends.

Closing of register of members

The register of members will be closed from 29 April 2010 to 28 May 2010 (both days inclusive). In order to establish entitlement to the proposed final dividend to be approved at the AGM, and entitlement to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on Wednesday, 28 April 2010.

Purchase, redemption or sales of listed securities of the Company

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries nor its jointly controlled entity purchased, redeemed or sold any of the Company's listed securities.

Major suppliers and customers

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover.

Donations

During the year, the total amount of charitable donations made by the Group was approximately RMB5.75 million (2008: RMB29.20 million).

Property, plant and equipment

The detailed changes in property, plant and equipment of the Group for the year are set out in note 7 to the financial statements.

Bank borrowings

Particulars of the bank borrowings of the Group as at 31 December 2009 are set out in note 24 to the financial statements.

Capitalized borrowing costs

Borrowing costs capitalized by the Group during the year amounted to approximately RMB910 million (2008: approximately RMB1,237 million).

Major properties

Major properties of the Group as at 31 December 2009 are set out on pages 169 to 174 of this annual report.

Share premium and reserves

Movements in the share premium and reserves of the Company during the year up to 31 December 2009 are set out in note 22 to the financial statements.

Distributable reserves

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2009, the Company's distributable reserves were approximately RMB2.556 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

Capital

Details of movements in the share capital of the Company during the year up to 31 December 2009 are set out in the statement of changes in equity on pages 73 to 74 of this annual report.

Directors and supervisors

The directors of the Company during the year were:

Executive Directors
Mr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Huang Kaiwen
Mr. Dai Feng
Mr. Lai Ming, Joseph

Supervisors
Mr. Feng Xiangyang
Ms. Liang Yingmei
Mr. Zheng Ercheng

In accordance with Article 92 of the Articles of Association, the non-executive director, Ms. Zhang Lin and two Supervisors, Ms. Liang Yingmei and Mr. Zhang Ercheng, retire by rotation in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

Directors and supervisors' service contracts

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and supervisors' interests in contracts

No contract of significance to which the Company or any of its subsidiaries or jointly controlled entities was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2009.

Directors' interests in competing business

During the year the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group, (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group

Name of Director	Name of Entity	Description of Business	Nature of the interest of the director in the entity
Mr. Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd ("Golden Swan")	Spa Hotel	Shareholder
Mr. Zhang Li	Beijing Fushengli Investment Consulting Co., Ltd.	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd.	Spa Hotel	Shareholder

Mr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli and Golden Swan has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli and Golden Swan.

Directors' and supervisors' interests and short positions in the shares and underlying shares and debentures of the company

As at 31 December 2009, the beneficial interests and short positions of the directors and supervisors of the Company and any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2009 were as follows:

		Number of Shares				
Director	**Nature of Interest**	**Personal**	**Spouse or child under 18**	**Corporate Interest**	**Total**	**Percentage of the total number of issued shares**
Li Sze Lim	Domestic shares	1,045,092,672				
	H shares	10,000,000	5,000,000	7,000,000	1,067,092,672	33.12%
Zhang Li	Domestic shares	1,005,092,672	20,000,000			
	H shares	2,074,400	932,000		1,028,099,072	31.91%
Lu Jing	Domestic shares	35,078,352			35,078,352	1.09%
Zhou Yaonan	Domestic shares	22,922,624			22,922,624	0.71%
Li Helen	H shares	1,003,600			1,003,600	0.03%

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. (Note)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd.	Corporate	N/A	35.0%
Zhang Li	Guangzhou Tianfu Property Development Co., Ltd. (Note)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd.	Corporate	N/A	35.0%

Note: Guangzhou Tianfu Property Development Co., Ltd. is 15% owned by Century Land Properties Limited, which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

Substantial shareholders and other persons' interests in the shares and underlying shares of the company

As at 31 December 2009, so far as the directors are aware, only the following persons (other than the directors, supervisors and chief executive officer of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under division 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note)	Percentage of H shares
UBS AG	"H" share	85,379,143(L)	8.41%
		64,198,505(S)	6.32%
Citigroup Inc.	"H" share	72,295,938(L)	7.12%
		39,384,142(S)	3.88%
		14,474,094(P)	1.43%
Credit Suisse Group AG	"H" share	66,066,059(L)	6.51%
		46,928,244(S)	4.62%
Morgan Stanley	"H" share	56,847,237(L)	5.60%
		13,535,341(S)	1.33%
Lehman Brothers Holdings Inc.	"H" share	51,049,240(L)	5.03%
		67,663,183(S)	6.66%

Note: The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

Share option scheme

The Group did not adopt any share option scheme during the year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Financial assistance and guarantee to affiliated companies

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

Connected transactions

During the year, the following connected transactions took place on normal commercial terms:

1. On 19 October 2009, a wholly owned subsidiary of the Company, R&F Properties (HK) Company Limited ("R&F Hong Kong"), entered into a sale and purchase agreement and an assignment of loan with Mr. Li Sze Lim and Ms. Cheung Yee Man, Elisa for purchase of 100% of Lancaster-Toprich Limited ("Lancaster-Toprich") at a consideration of HK$5,000,000. Lancaster-Toprich owns a commercial property used by the Company as its office in Hong Kong. The consideration was determined with reference to prevailing market value of the property. Mr. Li

Sze Lim is a director and controlling shareholder of the Company and Ms. Cheung Yee Man, Elisa is the spouse of Mr. Li Sze Lim, they are hence connected person of the Company.

2. On 19 October 2009, a wholly owned subsidiary of the Company, R&F Hong Kong entered into a sale and purchase agreement and an assignment of loan with Mr. Li Sze Lim and Mr. Zhang Li for the purchase of 100% of Central Hope Limited ("Central Hope") at a consideration of HK$8,000,000. Central Hope owns a commercial property used by the Company as its office in Hong Kong. The consideration was determined with reference to prevailing market value of the property. Mr Li Sze Lim and Mr. Zhang Li are the controlling shareholders and directors of the Company, and therefore a connected person of the Company.

3. During the year, the Company had entered into various contracts with Guangzhou Canton-Rich Environmental Inc. ("Canton-Rich") amounting to RMB12,557,000 for the installation of environmental protection systems in the Group's property projects. Canton-Rich is 49% owned by each of Mr. Li Sze Lim and Mr. Zhang Li, the controlling shareholders and directors of the Company, and therefore a connected person of the Company.

4. A wholly owned subsidiary of the Company, Guangzhou Residential Architecture Design Institute, entered into a contract on 15 May 2009 with 廣州金貝殼投資有限公司（「廣州金貝殼」）for the provision of office design service to 廣州金貝殼 at a fee of RMB103,000.

   Mr. Li Sze Lim and Mr. Zhang Li, both controlling shareholders of the Company, each owns 33.3% of 廣州金貝殼 and it is therefore a connected person of the Company.

Continuing connected transactions

5. Provision of restaurant services by Guangzhou Fuligong Restaurant Co., Ltd. to the Company

   On 9 July 2008, the Company entered into an agreement with Fuligong Restaurant Co., Ltd. ("Fuligong"). Fuligong agreed to provide restaurant services to members of the Group from time to time under normal commercial terms, which are to be no less favourable than those available to independent third parties. The agreement was for a period commencing from 1 January 2008 until further notice.

   Fuligong is wholly owned by Mr. Li Sze Lim and Mr. Zhang Li, who are the directors and controlling shareholders of the Company. Fuligong is therefore a connected person of the Company.

   The total amount paid on purchase of restaurant services for the year ended 31 December 2009 amounted to approximately RMB7,626,000 (2008: RMB14,450,000).

6. Appointment of Beijing Hengfu Property Management Co., Ltd. as the management company by Fushengli

   On 1 May 2005, Beijing Hengfu Property Management Co., Ltd. ("Beijing Hengfu", a wholly owned subsidiary of the Company) and Fushengli entered into an agreement pursuant to which Fushengli appointed Beijing Hengfu to provide management services in respect of Block B2 of Beijing R&F City at a monthly administrative fee of RMB41,000, a monthly fee of RMB18 per square meter in respect of occupied offices and shop areas, and a monthly fee of RMB150 per car parking space. According to the terms of the agreement, Beijing Henfu continued to provide management services to Fushengli until further notice.

   The total amount received by Beijing Hengfu for the year ended 31 December 2009 amounted to RMB852,000 (2008: RMB852,000).

   Fushengli was beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 35% each. Both Mr. Li Sze Lim and Mr. Zhang Li are directors and controlling shareholders of the Company, and therefore Fushengli is a connected person.

7. Lease of property to 廣州金貝殼

   A wholly owned subsidiary of the Company, Guangzhou R&F Xingsheng Properties Development Co., Ltd., entered into a tenancy agreement on 23 March 2009 with 廣州金貝殼 leasing a unit in Guangzhou R&F Center to 廣州金貝殼 from 16 May 2009 to 15 May 2014 at a monthly rent of RMB101,971 for the first two years, RMB107,070 for the third year, RMB112,423 for the fourth year and RMB118,044 for the fifth year. The rent was based on market rental.

   Mr. Li Sze Lim and Mr. Zhang Li, both controlling shareholders of the Company, each owns 33.3% of 廣州金貝殼 and it is therefore a connected person of the Company.

   The total amount received by the Company for the year ended 31 December 2009 amounted to RMB612,000.

8. Lease of premise from Lancaster-Toprich

   By a tenancy agreement dated 3 July 2007, the Company leased from Lancaster-Toprich a premise used as the Company's office in Hong Kong from 14 July 2007 to 13 July 2009 at a monthly rent of HK$20,000. The lease was renewed on 13 July 2009 for a period of three years from 14 July 2009 to 13 July 2012 at the same monthly rent of HK20,000. The monthly rent was in line with the prevailing market rate.

Prior to the acquisition on 19 October 2009 by the Company as mentioned in item 1 above, Lancaster-Toprich was owned as to 99% by Mr. Li Sze Lim, a director and controlling shareholder of the Company and 1% by his spouse. Lancaster-Toprich was therefore a connected person of the Company.

The total amount of rent paid by the Company in the year before acquisition of Lancaster-Toprich amounted to HK$180,000.

9. Lease of premise from Central Hope

By a tenancy agreement dated 2 April 2007, the Company leased from Central Hope a premise used as the Company's office in Hong Kong from 14 July 2007 to 13 July 2009 at a monthly rent of HK$20,000. The lease was renewed on 13 July 2009 for a period of three years from 14 July 2009 to 13 July 2012 at the same monthly rent of HK20,000. The monthly rent was in line with the prevailing market rate.

Prior to the acquisition on 19 October 2009 by the Company as mentioned in item 2 above, Central Hope was wholly owned by Mr. Li Sze Lim and Mr. Zhang Li, both director and controlling shareholder of the Company. Central Hope was therefore a connected person of the Company.

The total amount of rent paid by the Company in the year before acquisition of Central Hope amounted to HK$180,000.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company, who have confirmed that the aforesaid connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor, PricewaterhouseCoopers, has examined the continuing connected transactions as referred to in items 5 to 9 above for the year ended 31 December 2009 ("Transactions") and reported in its letter to the Company that the Transactions (i) have been approved by the board of directors of the Company; (ii) the pricing were in accordance with the pricing policies of the Company; and (iii) have been carried out in accordance with the relevant agreements governing these continuing connected transactions. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the continuing connected transactions as referred to in items 5 to 9 above.

The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules. Save as disclosed herein, other related-party transactions set out in note 41 to the consolidated financial statements did not constitute connected transactions.

Post Balance Sheet Events

There were no significant post balance sheet events.

Management contracts

No contract for the management and administration of the Group was entered into or was subsisting during the year.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next annual general meeting.

By order of the Board
Chairman
Li Sze Lim

Guangzhou, China
24 March 2010

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During 2009, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently to protect the interests of shareholders, in accordance with PRC Company Law and the Company's Articles of Association.

The Committee consists of three members: Mr. Feng Xiangyang, who was elected from amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zheng Ercheng, both independent supervisors representing shareholders' interests. A member of the Committee attended the meeting of the Board of Directors at which the Company's final 2009 results were approved, and one will also attend the upcoming 2009 annual general meeting.

Throughout the year, members of the Committee closely monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2009, prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2009 annual general meeting. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2009, and has great confidence in its future.

By order of the Supervisory Committee
Feng Xiangyang
Convenor
Guangzhou, PRC

24 March 2010

Executive Directors

Li Sze Lim (李思廉) aged 52, is the Chairman of the Company

Mr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was a merchant when starting his career in the real estate business in 1993. In August 1994, Mr. Li Sze Lim and Mr. Zhang Li together founded Guangzhou R&F Properties. He is now taken on the position of Executive Director and Chairman of the Company. He is also responsible for managing the sales and financial backbone of the company. Mr. Li is the Chairman of the Council of Guangdong Chamber of Real Estate, a part-time professor of the Lingnan College of Sun Yat-Sen University. He is also a director and a part-time professor of Jinan University. Mr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company.

Mr. Li did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Li does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,045,092,672 domestic shares, 15,000,000 H shares and a corporate interest of 7,000,000 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Li and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Li will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhang Li (張力) aged 56, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang started his career in the construction and renovation business. Prior to joining the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Mr. Li, founded Guangzhou R&F Properties. He is now taken on the positions of Executive Director, Co-chairman and Chief Executive Officer of the Company. Mr. Zhang is responsible for land acquisition, engineering, construction, cost control and managing daily operations. Mr. Zhang is a member of the 11th National Committee of the Chinese People's Political Consultative Conference, the Vice Chairman of China Real Estate Chamber of Commerce and, a director and a part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company.

Mr. Zhang did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Zhang does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,005,092,672 domestic shares and 3,006,400 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhang will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhou Yaonan (周耀南) aged 55, is an Executive Director of the Company and General Manager

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management. He was appointed as a Deputy General Manager when he joined the Group in October 1995 and was made General Manager in 2005. He was elected as an Executive Director of the Board in October 2001. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou from 1970 to 1990, after graduating from South China Normal University with a bachelor's degree.

Mr. Zhou did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co. Ltd. and a shareholder of the Company. Mr. Zhou does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 22,922,624 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhou and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhou will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Lu Jing (呂勁) aged 49, is an Executive Director of the Company and Deputy General Manager

Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as Deputy General Manager since then. He was elected as Executive Director of the Board in October 2001. He was the General Manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the Vice Chairman of Shanghai R&F Properties Development Co. Ltd., both subsidiaries of the Company, and was responsible for the Company's development projects in Beijing and Eastern China. He is currently the executive director and Deputy General Manager of the Company. He graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Prior to joining the Company, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou.

Mr. Lu did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co. Ltd. and a shareholder of the Company. Mr. Lu does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 35,078,352 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Lu and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Lu will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Non-executive Directors

Zhang Lin (張琳) aged 61

Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor from 1993 to 2003, teaching electrical and electronic engineering technology. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang did not hold any directorship in any other listed public company within the last three years. There is a service contract signed between the Company and Ms. Zhang and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Zhang will be determined by the Board.

Li Helen (李海倫) aged 58

Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987 she was the Managing Director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd. From 1988 to 2005 she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Mr. Li Sze Lim.

Ms. Li did not hold any directorship in any other listed public company within the last three years. She has a personal interest of 1,003,600 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Ms. Li and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Li will be determined by the Board.

Independent Non-executive Directors

Huang Kaiwen (黃開文) aged 76

Mr. Huang held senior administrative positions with various schools and colleges from 1963 to 1979. From 1979 to 1996 he was a division chief, deputy director general and director general of the Guangzhou Bureau of Land Resources and Housing Administration. Mr. Huang became one of the Company's independent Non-executive Directors in May 2005.

Mr. Huang did not hold any directorship in any other listed public company within the last three years. There is a service contract signed between the Company and Mr. Huang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Huang will be determined by the Board.

Dai Feng (戴逢) aged 67

Mr. Dai has over 40 years of experience in urban planning and administration, specializing in urban planning, design and related information technology. Currently, he is a member of the Expert Committee of Ministry of Urban Planning of China. Since 2000, he has been a part-time professor at a number of universities and was a consultant to the China Association of City Planning, an association which studies issues concerning the reform of urban planning in China and assists the government in the drafting of development plans. He is also a fellow of the Euroasian Academy of Sciences. Since 1985, he has won various prizes in urban planning and the application of advanced technology. His achievements in applying advanced technology in urban planning have been recognized by China's Ministry of Construction. Mr. Dai became an independent Non-executive Director of the Company in May 2005.

Mr. Dai is an independent director of Poly Real Estate Group Limited, Guangzhou Donghua Enterprise Co., Ltd. and the independent non-executive director of KWG Property Holding Limited. There is a service contract signed between the Company and Mr. Dai and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Dai will be determined by the Board.

Lai Ming, Joseph (黎明) aged 65

Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), CPA Australia, the Chartered Institute of Management Accountants ("CIMA") and the HK Institute of Directors. He co-founded the Hong Kong Centre of CIMA and was its president from 1974 to 1975 and from 1979 to 1980. He was the president of the HKICPA in 1986. Mr. Lai is also an advisor to the Corporate Governance Committee of the Hong Kong China Division of CPA Australia. Mr. Lai became an independent non-executive director of the Company in May 2005.

Until his retirement in 2004, Mr. Lai served several Hong Kong listed companies in key management positions with a particular emphasis on corporate finance, organization and management information. He is an independent non-executive director of Dynasty Fine Wines Group Ltd., Jolimark Holdings Ltd., Shinhint Acoustic Holdings Ltd., Country Garden Holdings Company Limited, Sheng Fung Company Limited and Chen's Holdings Limited. Mr. Lai is also a director of the Research and Development Corp. of the Hong Kong University of Science and Technology.

Supervisors

Feng Xiangyang (鳳向陽) aged 62

Mr. Feng held various positions in the government of the Tianhe District of Guangzhou, including those of deputy director of the Transportation Bureau and the director of the Bureau of Township Enterprises of the Tianhe District from 1985 to 1990; and vice district governor of the Tianhe District from 1990 to 1996. He joined the Group in August 2001 as a manager in the Engineering Department, and was appointed a deputy general manager in 2005. He was elected as a Supervisor in June 2004 to act as a representative of the Company's employees.

Liang Yingmei (梁英梅) aged 69

Ms. Liang has over 40 years of experience in the construction industry. She has been the chairman of the Association of the Construction Materials Industry of Guangzhou since 2000. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was appointed as a Supervisor of the Company in June 2004 to act as a representative of the Company's shareholders.

Zheng Ercheng (鄭爾城) aged 52

Mr. Zheng has extensive experience in the China banking industry and financial sector. He was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. He became a Supervisor of the Company in June 2004, to act as a representative of the Company's shareholders. He is also the general manager of Guangzhou Fuze Property Development Company.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

To the shareholders of Guangzhou R&F Properties Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 166, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

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

Independent Auditor's Report *(continued)*
To the shareholders of Guangzhou R&F Properties Co., Ltd. *(continued)*
(Incorporated in the People's Republic of China with limited liability)

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 2009 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, 24 March 2010

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

ASSETS	Note	As at 31 December 2009	As at 31 December 2008 Restated	As at 1 January 2008 Restated
Non-current assets				
Land use rights	6	**691,855**	625,463	561,416
Property, plant and equipment	7	**3,494,362**	3,367,336	2,390,260
Investment properties	8	**10,331,637**	7,360,581	5,366,774
Intangible assets	9	**853,098**	876,328	1,019,806
Interests in jointly controlled entities	11	**876,063**	628,998	405,311
Interests in associates	12	**35,348**	43,028	35,216
Deferred income tax assets	26	**719,589**	284,514	265,727
Available-for-sale financial assets	13	**175,000**	132,903	416,000
Trade and other receivables	17	**461,108**	365,539	1,900,995
		17,638,060	13,684,690	12,361,505
Current assets				
Properties under development	14	**30,324,980**	26,672,498	29,436,401
Completed properties held for sale	15	**4,715,325**	7,721,454	4,678,208
Inventories	16	**285,833**	116,986	177,233
Available-for-sale financial assets	13	**—**	171,097	—
Trade and other receivables	17	**4,553,132**	3,914,990	4,654,746
Tax prepayments	25	**939,436**	712,354	695,515
Restricted cash	18	**1,244,972**	603,288	956,875
Cash	19	**6,642,279**	1,449,668	1,329,691
		48,705,957	41,362,335	41,928,669
Total assets		**66,344,017**	55,047,025	54,290,174
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	20	**805,592**	805,592	805,592
Other reserves	22	**4,314,853**	4,350,497	4,434,497
Retained earnings				
– Proposed final dividend	35	**1,160,052**	902,263	805,592
– Others		**10,633,145**	8,893,697	6,674,143
		16,913,642	14,952,049	12,719,824
Minority interests in equity		**105,724**	93,049	74,339
Total equity		**17,019,366**	15,045,098	12,794,163

(All amounts in RMB Yuan thousands unless otherwise stated)

LIABILITIES	Note	As at 31 December 2009	As at 31 December 2008 Restated	As at 1 January 2008 Restated
Non-current liabilities				
Long-term borrowings	24	**17,522,790**	10,982,500	12,532,500
Long-term payables		**—**	136,000	272,000
Deferred income tax liabilities	26	**1,726,853**	1,648,911	1,439,428
		19,249,643	12,767,411	14,243,928
Current liabilities				
Accruals and other payables	23	**8,846,410**	9,264,791	6,542,480
Deposits received on sale of properties		**11,365,612**	6,117,317	11,135,489
Current income tax liabilities	27	**2,995,887**	2,363,986	2,206,847
Short-term bank loans	24	**853,499**	2,188,922	3,803,267
Current portion of long-term bank loans	24	**6,013,600**	7,299,500	3,564,000
		30,075,008	27,234,516	27,252,083
Total liabilities		**49,324,651**	40,001,927	41,496,011
Total equity and liabilities		**66,344,017**	55,047,025	54,290,174
Net current assets		**18,630,949**	14,127,819	14,676,586
Total assets less current liabilities		**36,269,009**	27,812,509	27,038,091

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 76 to 166 are an integral part of these financial statements.

BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December		As at 1 January
ASSETS	Note	**2009**	2008 Restated	2008 Restated
Non-current assets				
Land use rights	6	**21,365**	—	—
Property, plant and equipment	7	**311,367**	76,641	42,908
Investment properties	8	**259,879**	220,920	223,675
Intangible assets	9	**3,936**	4,055	4,492
Investments in subsidiaries	10	**10,400,932**	8,909,963	7,455,517
Interests in jointly controlled entities	11	**495,797**	246,305	22,139
Deferred income tax assets	26	**66,860**	12,696	38,516
Available-for-sale financial assets	13	**175,000**	132,903	416,000
Trade and other receivables	17	**173,820**	118,434	1,602,801
		11,908,956	9,721,917	9,806,048
Current assets				
Properties under development	14	**2,687,480**	3,790,223	3,918,852
Completed properties held for sale	15	**1,184,614**	1,256,263	1,717,594
Available-for-sale financial assets	13	**—**	171,097	—
Trade and other receivables	17	**9,816,126**	8,126,125	6,859,790
Tax prepayments	25	**150,520**	111,900	109,941
Restricted cash	18	**643,785**	223,468	331,128
Cash	19	**937,001**	498,989	395,850
		15,419,526	14,178,065	13,333,155
Total assets		**27,328,482**	23,899,982	23,139,203
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	20	**805,592**	805,592	805,592
Other reserves	22	**4,314,853**	4,350,497	4,434,497
Retained earnings				
– Proposed final dividend	35	**1,160,052**	902,263	805,592
– Others		**1,403,501**	1,428,464	1,279,282
Total equity		**7,683,998**	7,486,816	7,324,963

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December		As at 1 January
LIABILITIES	Note	**2009**	2008 Restated	2008 Restated
Non-current liabilities				
Long-term borrowings	24	**7,522,319**	3,470,000	4,788,000
Deferred income tax liabilities	26	**100,149**	132,145	146,308
		7,622,468	3,602,145	4,934,308
Current liabilities				
Accruals and other payables	23	**6,620,682**	7,995,692	7,155,681
Deposits received on sale of properties		**1,827,393**	969,273	1,177,237
Current income tax liabilities	27	**1,037,941**	946,056	1,024,421
Short-term bank loans	24	**—**	300,000	902,593
Current portion of long-term bank loans	24	**2,536,000**	2,600,000	620,000
		12,022,016	12,811,021	10,879,932
Total liabilities		**19,644,484**	16,413,166	15,814,240
Total equity and liabilities		**27,328,482**	23,899,982	23,139,203
Net current assets		**3,397,510**	1,367,044	2,453,223
Total assets less current liabilities		**15,306,466**	11,088,961	12,259,271

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 76 to 166 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2009	2008 Restated
Revenue	5	**18,196,463**	15,360,151
Cost of sales	29	**(12,446,844)**	(10,201,681)
Gross profit		**5,749,619**	5,158,470
Other gains – net	28	**1,213,455**	1,520,892
Selling and administrative expenses	29	**(1,349,132)**	(1,306,133)
Other operating (expenses)/income	29	**(247,988)**	30,752
Operating profit		**5,365,954**	5,403,981
Finance costs	31	**(505,334)**	(341,202)
Share of results of jointly controlled entities	11	**(2,427)**	(479)
Share of results of associates	12	**434**	7,812
Profit before income tax		**4,858,627**	5,070,112
Income tax expenses	32	**(1,937,394)**	(1,931,903)
Profit for the year		**2,921,233**	3,138,209
Profit attributable to:			
– Equity holders of the Company		**2,899,500**	3,119,499
– Minority interests		**21,733**	18,710
		2,921,233	3,138,209
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in RMB Yuan per share)	34	**0.8998**	0.9681
Dividend	35	**1,160,052**	902,263
Dividend per share (expressed in RMB Yuan per share)		**0.36**	0.28

The notes on pages 76 to 166 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2009	2008 Restated
Profit for the year		**2,921,233**	3,138,209
Other comprehensive income			
Fair value gain on available-for-sale financial assets released to consolidated income statement, net of tax	22	**(67,217)**	—
Fair value gain/(loss) on available-for-sale financial assets, net of tax	22	**31,573**	(84,000)
Total comprehensive income for the year		**2,885,589**	3,054,209
Total comprehensive income attributable to:			
– Equity holders of the Company		**2,863,856**	3,035,499
– Minority interests		**21,733**	18,710
		2,885,589	3,054,209

The notes on pages 76 to 166 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company					
		Share capital	Other reserves	Retained earnings Restated	Total Restated	Minority interests	Total equity Restated
Balance at 1 January 2008 as previously reported		805,592	4,434,497	7,385,452	12,625,541	74,339	12,699,880
Reversal of amortisation on land use rights used for property development	2	—	—	94,283	94,283	—	94,283
Balance at 1 January 2008 as restated		805,592	4,434,497	7,479,735	12,719,824	74,339	12,794,163
Comprehensive income							
Profit for the year		—	—	3,119,499	3,119,499	18,710	3,138,209
Other comprehensive income							
Fair value loss on available-for-sale financial assets, net of tax		—	(84,000)	—	(84,000)	—	(84,000)
Total other comprehensive income		—	(84,000)	—	(84,000)	—	(84,000)
Total comprehensive income		—	(84,000)	3,119,499	3,035,499	18,710	3,054,209
Transactions with owners							
Dividend relating to 2007		—	—	(803,274)	(803,274)	—	(803,274)
Total transactions with owners		—	—	(803,274)	(803,274)	—	(803,274)
Balance at 31 December 2008		805,592	4,350,497	9,795,960	14,952,049	93,049	15,045,098

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company					
		Share capital	Other reserves	Retained earnings Restated	Total Restated	Minority interests	Total equity Restated
Balance at 1 January 2009 as previously reported		805,592	4,350,497	9,716,550	14,872,639	93,049	14,965,688
Reversal of amortisation on land use rights used for property development	2	—	—	79,410	79,410	—	79,410
Balance at 1 January 2009 as restated		805,592	4,350,497	9,795,960	14,952,049	93,049	15,045,098
Comprehensive income							
Profit for the year		—	—	2,899,500	2,899,500	21,733	2,921,233
Other comprehensive income							
Fair value gain on available-for-sale financial assets released to profit and loss accounts, net of tax		—	(67,217)	—	(67,217)	—	(67,217)
Fair value gain on available-for-sale financial assets, net of tax		—	31,573	—	31,573	—	31,573
Total other comprehensive income		—	(35,644)	—	(35,644)	—	(35,644)
Total comprehensive income		—	(35,644)	2,899,500	2,863,856	21,733	2,885,589
Transactions with owners							
Acquisition of additional interests in a subsidiary from minority interests		—	—	—	—	(40,000)	(40,000)
Acquisition of subsidiaries		—	—	—	—	52,326	52,326
Dividend paid to minority interests		—	—	—	—	(21,384)	(21,384)
Dividend relating to 2008		—	—	(902,263)	(902,263)	—	(902,263)
Total transactions with owners		—	—	(902,263)	(902,263)	(9,058)	(911,321)
Balance at 31 December 2009		805,592	4,314,853	11,793,197	16,913,642	105,724	17,019,366

The notes on pages 76 to 166 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2009	2008
Cash flows from operating activities			
Cash generated from operations	36	**7,534,051**	4,381,669
Interest paid		**(1,400,134)**	(1,558,506)
Enterprise income tax and land appreciation tax paid		**(1,609,657)**	(1,508,231)
Net cash generated from operating activities		**4,524,260**	1,314,932
Cash flows from investing activities			
Business combinations	40	**33,577**	—
Payment of remaining consideration for a business combination in 2007		**(500,000)**	—
Purchase of property, plant and equipment		**(291,546)**	(866,505)
Purchase of intangible assets		**(481)**	(8,321)
Proceeds on disposal of property, plant and equipment	36	**569,513**	106,642
Proceeds on disposal of investment properties	36	**34,275**	—
Proceeds on disposal of available-for-sale financial assets		**114,918**	—
Acquisition of additional interests in a subsidiary		**(40,000)**	—
Capital contributions made to jointly controlled entities		**(249,492)**	(224,166)
Cash advanced to a jointly controlled entity and an associate being established		**(2,044,200)**	—
Interest received		**48,896**	29,514
Net cash used in investing activities		**(2,324,540)**	(962,836)
Cash flows from financing activities			
Proceeds from borrowings		**17,220,927**	9,700,539
Repayments of borrowings		**(13,304,389)**	(9,129,384)
Dividend paid to minority interests		**(21,384)**	—
Dividend paid to the Company's shareholders		**(902,263)**	(803,274)
Net cash generated from/(used in) financing activities		**2,992,891**	(232,119)
Net increase in cash		**5,192,611**	119,977
Cash at beginning of the year		**1,449,668**	1,329,691
Cash at end of the year	19	**6,642,279**	1,449,668

The notes on pages 76 to 166 are an integral part of these financial statements.

1. General information

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") mainly engages in the development and sale of properties, property investment, hotel operations and other property development related service in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company were listed on The Main Board of Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 July 2005.

These consolidated financial statements are presented in thousands of units of RMB Yuan (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 24 March 2010.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties.

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

(a) Change in accounting policy

During the year, the Group changed its accounting policy for land use rights which is held for development for sales.

Land use rights which is held for development for sales meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases".

Previously, land use rights which is held for development for sales were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation of leasehold land during the development phase was capitalised as part of the construction cost of the property. Amortisation charges incurred prior to development and following completion of the property was recognised in profit or loss.

Subsequent to the change in accounting policy, land use rights relating to property held for development for sale are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Change in accounting policy *(continued)*

In addition, properties and land use rights that were held for development were classified as non-current assets in previous periods. As part of the adoption of the inventory model described above, management has reassessed this classification and reclassified such assets as current assets based on the normal operating cycle for property inventories.

Management believes that the new classification of land use rights as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the year, reflecting the management's intention on the use of the asset. The new accounting policy also results in a presentation consistent with the industry practices and removes the GAAP difference between the consolidated financial statements prepared under HKFRS and China Accounting Standards for Business Enterprises ("CAS"), which will provide more transparent and comparable financial statements for the users.

The change in accounting policy has been accounted for retrospectively and the consolidated and the company's financial statements have been restated by reversal of amortisation made in prior years in order to comply with HKAS 8 'Accounting policies, changes in accounting estimates and errors'. The effect on the group's and company's financial statements is as follows:

(All amounts in RMB Yuan thousands unless otherwise stated)

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Change in accounting policy *(continued)*

Group

	Net assets attributable to the Company's equity holders at 1 January 2008	Profit attributable to the Company's equity holders for the year ended 31 December 2008	Net assets attributable to the Company's equity holders at 31 December 2008	**Profit attributable to the Company's equity holders for the year ended 31 December 2009**	**Net assets attributable to the Company's equity holders at 31 December 2009**
Non-current assets					
Decrease in properties held for development	(2,859,095)	—	(3,641,129)	**—**	**(3,515,058)**
Decrease in land use rights	(9,781,263)	—	(7,227,043)	**—**	**(6,778,482)**
Decrease in deferred income tax assets	(31,428)	—	(26,470)	**—**	**(24,955)**
Current assets					
Increase in completed properties held for sale	734,724	—	1,301,456	**—**	**1,001,231**
Increase in properties under development	17,078,979	—	15,814,339	**—**	**14,783,383**
Decrease in land use rights	(5,047,634)	—	(6,141,743)	**—**	**(5,391,253)**
Income statement					
Increase in cost of sales	—	(19,831)	—	**(6,059)**	**—**
Decrease in income tax expense	—	4,958	—	**1,515**	**—**
	94,283	(14,873)	79,410	**(4,544)**	**74,866**
Decrease in earnings per share from continuing operations (basic and diluted)		RMB0.46 cents		**RMB0.14 cents**	

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Change in accounting policy *(continued)*

Company

	Net assets attributable to the Company's equity holders at 1 January 2008	Profit attributable to the Company's equity holders for the year ended 31 December 2008	Net assets attributable to the Company's equity holders at 31 December 2008	**Profit attributable to the Company's equity holders for the year ended 31 December 2009**	**Net assets attributable to the Company's equity holders at 31 December 2009**
Non-current assets					
Decrease in properties held for development	(600,820)	—	(710,522)	**—**	**(166,102)**
Decrease in land use rights	(1,509,401)	—	(556,616)	**—**	**(330,796)**
Decrease in deferred income tax assets	(7,289)	—	(7,546)	**—**	**(6,648)**
Current assets					
Increase in completed properties held for sale	280,313	—	199,885	**—**	**193,381**
Increase in properties under development	2,583,531	—	1,799,442	**—**	**866,842**
Decrease in land use rights	(724,469)	—	(702,004)	**—**	**(536,733)**
Income statement					
Decrease/(increase) in cost of sales	—	1,031	—	**(3,593)**	**—**
(Increase)/decrease in income tax expense	—	(257)	—	**898**	**—**
	21,865	774	22,639	**(2,695)**	**19,944**

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) New and amended standards and interpretation adopted by the Group

The Group has adopted the following new and amended HKFRSs as of 1 January 2009:

- HKAS 1 (Revised), 'Presentation of financial statements' (effective 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (Revised), 'Borrowing costs' (effective 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Group has applied the capitalisation method for the borrowing cost and there is no material impact on the Group's financial statements.

- HKFRS 7 (Amendment), 'Financial Instruments – Disclosures' (effective 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKFRS 8, 'Operating segments' (effective 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The comparatives for the year ended 31 December 2008 have been restated to conform to current year's presentation.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) New and amended standards and interpretation adopted by the Group *(continued)*

- HK(IFRIC) - Int 15, 'Agreements for construction of real estates' (effective 1 January 2009) supercedes HK Int-3, 'Revenue - Pre-completion contracts for the sale of development properties'. HK(IFRIC) - Int 15 clarifies whether HKAS 18, 'Revenue' or HKAS 11, 'Construction contracts' should be applied to particular transactions. It is likely to result in HKAS 18 being applied to a wider range of transactions. The amendment does not have material impact on the Group's financial statements.

- HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective 1 January 2009). The amendment is part of the annual improvements project by Hong Kong Institute of Certified Public Accountants ("HKICPA") published in October 2008. Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Prior to the amendment such property under construction or development was within the scope of HKAS 16 "Property, plant and equipment" until the construction or development was complete.

  Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

  The amendment to HKAS 40 has been applied prospectively on investment properties under construction for annual periods beginning 1 January 2009 in accordance with the effective date and transitional provisions of the amendment.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) New and amended standards and interpretation adopted by the Group *(continued)*

The table below details the effect on the current year.

Group	Increase/(decrease)
Balance sheet (extracts)	
Property, plant and equipment (assets under construction)	(1,969,830)
Investment properties	2,205,124
Total assets	235,294
Retained earnings	150,000
Minority interests in equity	26,470
Total equity	176,470
Deferred income tax liabilities	58,824
Total equity and liabilities	235,294

Profit for 2009 changed as follows:

Group	Increase/(decrease) in profit for the year
Income statement (extracts)	
Other gains - net	**235,294**
Profit before income tax	**235,294**
Income tax expense	**(58,824)**
Profit for the year	**176,470**
Attributable to:	
Equity holders of the Company	**150,000**
Minority interests	**26,470**
	176,470

Basic and diluted earnings per share increased by RMB0.0465 from RMB0.8533 to RMB0.8998.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments to existing standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, and the Group has not early adopted them.

- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective 1 July 2009). The revised standard requires the effects of all transactions with minority interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with minority interests from 1 January 2010.

- HKFRS 3 (Revised), 'Business combinations' (effective 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

- HKFRS 9, 'Financial instruments' (effective 1 January 2013). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The Group will apply HKFRS 9 retrospectively from 1 January 2013. The standard does not have a material impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group *(continued)*

- In May 2009, HKICPA has published certain other improvements to the HKFRS which will be effective for accounting period beginning on or after 1 July 2009. These improvements have not been early adopted by the Group. Amendments have been made to the following standards according to the improvement:

HKFRS	Subject of amendment
HKAS 7 Cash flow statements	Classification of expenditures on unrecognised assets
HKAS 17 Leases	Classification of leases of land and buildings
HKAS 36 Impairment of assets	Unit of accounting for goodwill impairment test
HKAS 38 Intangible assets	Additional consequential amendments arising from revised HKFRS 3
	Measuring the fair value of an intangible asset acquired in business combination
HKFRS 8 Operating segments	Disclosure of information about segment assets

The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretations to existing standards and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.8). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2. Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Jointly controlled entities

A jointly controlled entity is an entity jointly controlled by the Group and other parties and none of the participating parties has unilateral control over the entity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision for impairment losses (Note 2.9). The results of jointly controlled entities are accounted for by the Company on the basis of dividend received and receivable.

2. Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.9 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

Dilution gains and losses arising in investments in associates are recognised in the income statement.

In the Company's balance sheet, the investments in associated companies are stated at cost less provision for impairment losses (Note 2.9). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, 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. Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the 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 consolidated financial statements are presented in RMB Yuan, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance costs - net'. All other foreign exchange gains and losses are presented in the income statement within 'other gains - net'.

2.5 Property, plant and equipment

Buildings comprise mainly office premises and hotel buildings. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 in the 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:

— Buildings	20-30 years
— Furniture, fixtures and equipment	5 years
— Motor vehicles	6 years
— Machinery	5-10 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 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains – net' in the income statements.

2. Summary of significant accounting policies *(continued)*

2.6 Assets under construction

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and capitalised finance costs.

After initial recognition at cost, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by independent valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

2. Summary of significant accounting policies *(continued)*

2.7 Investment properties *(continued)*

Changes in fair values are recognised in the income statement as part of other gains.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is under construction or development for future use as investment property is classified as investment property under construction. Where fair value of investment properties under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation under HKAS16. The resulting increase in the carrying amount is recognised in other comprehensive income and increases revaluation surplus within equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement, and the remaining part of the increase is recognised in other comprehensive income and increases revaluation surplus within equity.

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (Note 2.9). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose according to operating segment.

2. Summary of significant accounting policies *(continued)*

2.8 Intangible assets *(continued)*

(b) Construction licence

Construction licence is acquired in a business combination and is recognised at fair value at the acquisition date. Construction licence is renewable annually at minimal cost. The Directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and carried at cost less accumulated impairment losses (Note 2.9).

(c) Customer contracts

Customer contracts are acquired in a business combination and are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

2.9 Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets 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 investments in subsidiaries, jointly controlled entities and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associate 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)*

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets into loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

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 maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash' in the balance sheet (Notes 2.18 and 2.19).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.10.2 Recognition and measurement

Regular 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. 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. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2. Summary of significant accounting policies *(continued)*

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.

2.12 Impairment of financial assets

(a) 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 Group, 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) dverse 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.

2. Summary of significant accounting policies *(continued)*

2.12 Impairment of financial assets *(continued)*

(a) Assets carried at amortised cost *(continued)*

The group first assesses whether objective evidence of impairment exists.

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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan 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 income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate income statement. Impairment losses recognised in the separate income statement on equity instruments are not reversed through the separate income statement.

2.13 Land use rights

All land in the PRC is stated-owned and no individual ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2. Summary of significant accounting policies *(continued)*

2.14 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expense and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises land use rights, construction costs, capitalised finance costs and professional fees incurred during the development period of a normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. Property under development for future use as investment property is classified as investment property under construction.

2.15 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.16 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Construction contracts

Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and other receivables.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2. Summary of significant accounting policies *(continued)*

2.18 Trade and other receivables

Trade receivables are amounts due from customers in respect of sale of properties and provision of construction service performed in the ordinary course of business. If collection of trade and 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.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Cash

Cash includes cash in hand and deposits held at call with banks.

2.20 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.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 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 income statement over the period of the borrowings using the effective interest method.

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to prepare for its intended use or sale are capitalised as part of the cost of that asset. Borrowing costs cease to be capitalised when substantially all the activities necessary to prepare the asset for its intended use or sale are completed.

2. Summary of significant accounting policies *(continued)*

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly 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 and its subsidiaries, associates and jointly controlled entities 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 financial statements. However, the deferred income tax is not accounted for 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 substantially 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 is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except 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 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 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)*

2.24 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus entitlements

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

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,000. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2. Summary of significant accounting policies *(continued)*

2.25 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.

2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

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 when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sale of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been ready for delivery to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as deposits received on sale of properties under current liabilities.

(b) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided (Note 2.17).

2. Summary of significant accounting policies *(continued)*

2.26 Revenue recognition *(continued)*

(c) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease term.

(d) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(e) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(f) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(1) The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(2) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised in the income statement on a straight-line basis over the term of the lease.

2. Summary of significant accounting policies *(continued)*

2.28 Dividend distribution

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

2.29 Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 Financial Instrument: Recognition and Measurement are accounted for as financial liabilities, which are recognised in respect of the financial guarantee provided by the Group to the property purchasers.

Financial guarantee contracts are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee contracts. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantees are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

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

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity 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.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with most of the transactions denominated in RMB, except for certain borrowings amounting to RMB425,499,000 equivalent which is denominated in HK dollars ("HKD"), as well as dividends to equity holders of H Shares declared in RMB and paid in HKD. The Group has not hedged its foreign exchange rate risk. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

The table below summarises the impact of changes in foreign exchange rate at 31 December 2009 with all other variables held at constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 1%	strengthen by 1%
	impact on post-tax profit for the year	
Denominated in HKD		
Cash	6,611	(6,611)
Restricted cash	52	(52)
Borrowings	(3,191)	3,191
Denominated in US dollars ("USD")		
Cash	47	(47)

(All amounts in RMB Yuan thousands unless otherwise stated)

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Price risk

The Group is exposed to equity securities price risk because available-for-sale financial assets held by the Group, which are not publicly traded, would be influenced by market price. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

(iii) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2009 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate 25 basis points higher	 25 basis points lower
	Impact on post-tax profit for the year	
Borrowings at variable rates	(35,443)	35,443

(b) Credit risk

The extent of credit exposure of the Group is aggregate carrying value of cash deposits in banks and trade and other receivables except for prepayments. To manage the exposure, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history and deposits are placed with high-credit-quality banks.

The Group has no significant concentration of credit risk. Management does not expect any losses from non-performance by the banks and financial institutions, as they are with good reputation. For credit rating of banks and financial institutions, please refer to Note 19. Credit risk related to trade receivables is the risk that the receivables cannot be collected on the due date. The Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2009, one single customer accounted for more than 5% of the Group's trade receivables (31 December 2008: Nil).

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of credit lines, for which the Group has received non binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction commitments.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Group					
At 31 December 2009					
Borrowings	**8,224,365**	**7,119,601**	**12,488,328**	**3,629,465**	**31,461,759**
Accrual and other payables	**8,165,448**	**118,792**	**488,287**	**376,519**	**9,149,046**
Long-term payable	**—**	**—**	**—**	**—**	**—**
At 31 December 2008					
Borrowings	10,629,072	8,718,729	2,876,264	—	22,224,065
Accrual and other payables	9,264,791	—	—	—	9,264,791
Long-term payable	—	136,000	—	—	136,000
Company					
At 31 December 2009					
Borrowings	**3,148,935**	**2,081,424**	**7,033,991**	**—**	**12,264,350**
Accrual and other payables	**6,620,682**	**—**	**—**	**—**	**6,620,682**
At 31 December 2008					
Borrowings	3,255,831	2,608,428	1,052,268	—	6,916,527
Accrual and other payables	7,995,692	—	—	—	7,995,692

Note:

Interest on borrowings is calculated on borrowings held as at 31 December 2009 and 2008. Floating-rate interest is estimated using the current interest rate as at 31 December 2009 and 2008 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

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 equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and restricted cash. Total capital is capital and reserves attributable to the Company's equity holders.

The gearing ratio is calculated as follows:

	2009	2008 Restated
Total borrowings (Note 24)	**24,389,889**	20,470,922
Less: Cash and restricted cash	**(7,887,251)**	(2,052,956)
Net debt	**16,502,638**	18,417,966
Capital and reserves attributable to the Company's equity holders	**16,913,642**	14,952,049
Gearing ratio	**97.6%**	123.2%

3. Financial risk management *(continued)*

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments, including unlisted equity investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group's financial instruments measured at fair value are available-for-sale financial assets, which are unlisted equity investments that are not traded in an active market. As significant inputs required to fair value the equity investments are observable, the available-for-sale financial assets are grouped in level 2.

4. Critical accounting estimates and judgements

Estimates and judgements used are continually evaluated and 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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. Were the gross margin or growth rate lower than management estimates by 20%, or discount rate higher than management estimates by 20% with other variables held at constant, the Group would not suffer any impairment in goodwill as at 31 December 2009.

4. Critical accounting estimates and judgements *(continued)*

(b) Estimated impairment of construction licences

Useful life of construction licences is indefinite and therefore, the carrying amount is subject to test annually for impairment, in accordance with the accounting policy in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

Were the royalty rate applied in the calculation lower than management estimates by 10% with other variables held at constant, the Group would have recognised an impairment by RMB42,008,000. Were the growth rate lower than management estimates by 10% with other variables held at constant, the Group would have recognised an impairment by RMB5,531,000. Were the discount rate higher than management estimates by 10% with other variables held at constant, the Group would have recognised an impairment by RMB21,986,000.

(c) Current taxation and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many 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 period in which such determination is 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 tax assets and income tax expense in the periods in which such estimate is changed.

(d) Land appreciation taxes

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

The Group is subject to land appreciation taxes in the PRC which has been included in income tax expense of the Group. 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 judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. 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 expense and provisions of land appreciation taxes in the period in which such determination is made.

4. Critical accounting estimates and judgements *(continued)*

(e) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The valuations are reviewed annually by external valuers.

Were the discount rate higher than management estimates by 10% with other variables held at constant, the Group would have decreased its gross profit by RMB663,349,000.

(f) Estimate of fair value of available-for-sale financial assets

The fair value of the Group's available-for-sale financial assets that is not quoted in active markets is determined by using valuation techniques. The Group uses a variety of analysis and methods. To the extent practical, models use only observable data; however, areas such as market price of comparable financial assets, credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of available-for-sale financial assets.

Were the market price lower than 5% from management estimates, it is estimated that the balance of available-for-sale financial assets would decrease by RMB8,750,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. Segment information

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Each business provides difference products or services.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2009 and the segment assets and liabilities at 31 December 2009 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	22,240,837	328,098	420,383	529,961	23,519,279
Inter-segment revenue	(5,256,473)	(50,039)	(16,304)	—	(5,322,816)
Revenue from external customers	**16,984,364**	**278,059**	**404,079**	**529,961**	**18,196,463**
Profit/(loss) for the year	2,684,993	499,576	(179,232)	(84,104)	2,921,233
Finance costs	(230,374)	(150,991)	(106,066)	(17,903)	(505,334)
Share of results of jointly controlled entities	(2,427)	—	—	—	(2,427)
Share of results of associates	—	—	—	434	434
Income tax expense	(1,827,555)	(166,525)	59,744	(3,058)	(1,937,394)
Depreciation and amortisation	164,638	—	146,478	2,034	313,150
Provision for/(reversal of) impairment losses	3,036	—	326	(2,288)	1,074
Fair value gain on investment properties	—	604,235	—	—	604,235
Total assets	**51,286,881**	**10,331,637**	**3,578,505**	**252,405**	**65,449,428**
Total assets includes:					
Interests in jointly controlled entities	876,063	—	—	—	876,063
Interests in associates	—	—	—	35,348	35,348
Additions to non-current assets (other than financial instruments and deferred tax assets)	147,322	1,969,830	267,482	1,860	2,386,494
Total liabilities	**18,122,849**	—	**1,806,032**	**283,141**	**20,212,022**

5. Segment information *(continued)*

The segment information for the year ended 31 December 2008 and the segment assets and liabilities at 31 December 2008 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	19,479,652	168,943	196,710	290,408	20,135,713
Inter-segment revenue	(4,750,184)	(11,963)	(13,415)	—	(4,775,562)
Revenue from external customers	14,729,468	156,980	183,295	290,408	15,360,151
Profit/(loss) for the year	2,283,243	1,115,308	(183,850)	(76,492)	3,138,209
Finance costs	(194,105)	(68,528)	(57,291)	(21,278)	(341,202)
Share of results of jointly controlled entities	(479)	—	—	—	(479)
Share of results of associates	—	—	—	7,812	7,812
Income tax expense	(1,602,565)	(371,771)	61,283	(18,850)	(1,931,903)
Depreciation and amortisation	191,079	—	86,592	1,043	278,714
(Reversal of)/provision for impairment losses	(2,247)	(12)	(463)	940	(1,782)
Fair value gain on investment properties	—	1,473,016	—	—	1,473,016
Total assets	43,599,575	7,360,581	3,289,618	208,737	54,458,511
Total assets includes:					
Interests in jointly controlled entities	628,998	—	—	—	628,998
Interests in associates	—	—	—	43,028	43,028
Additions to non-current assets (other than financial instruments and deferred tax assets)	250,855	196,220	1,007,894	—	1,454,969
Total liabilities	14,934,624	—	391,592	191,892	15,518,108

(All amounts in RMB Yuan thousands unless otherwise stated)

5. Segment information *(continued)*

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Deferred tax and available-for-sale financial assets held by the Group are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	31 December 2009	31 December 2008 Restated
Segment assets for reportable segments	**65,449,428**	54,458,511
Deferred income tax assets	**719,589**	284,514
Available-for-sale financial assets	**175,000**	304,000
Total assets per balance sheet	**66,344,017**	55,047,025

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2009	31 December 2008 Restated
Segment liabilities for reportable segments	**20,212,022**	15,518,108
Deferred income tax liabilities	**1,726,853**	1,648,911
Current income tax liabilities	**2,995,887**	2,363,986
Current borrowings	**6,867,099**	9,488,422
Non-current borrowings	**17,522,790**	10,982,500
Total liabilities per balance sheet	**49,324,651**	40,001,927

6. Land use rights

The Group's and the Company's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Outside Hong Kong in the PRC, held on lease of:			
Between 10 to 50 years	**691,855**	625,463	561,416

	Company		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Outside Hong Kong in the PRC, held on lease of:			
Between 10 to 50 years	**21,365**	—	—

	Group		Company	
	31 December 2009	31 December 2008 Restated	**31 December 2009**	31 December 2008 Restated
Opening	**625,463**	561,416	**—**	—
Additions	**124,637**	79,365	**—**	—
Transfer from properties under development	**25,519**	—	**21,960**	—
Disposals (Note 36)	**(62,714)**	—	**—**	—
Amortisation of prepaid operating lease payment	**(21,050)**	(15,318)	**(595)**	—
	691,855	625,463	**21,365**	—

Land use rights are amortised in the following category:

	Group	
	2009	2008
Selling and administrative expenses	**2,490**	1,800
Cost of sales	**13,013**	8,385
Capitalised in property, plant and equipment	**5,547**	5,133
	21,050	15,318

(All amounts in RMB Yuan thousands unless otherwise stated)

6. Land use rights *(continued)*

Land use rights pledged as collateral are as follows:

	Group		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Land use rights (Note 24)	**74,363**	278,580	40,300

7. Property, plant and equipment

	Group						
	Office buildings	**Hotel buildings**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Machinery**	**Assets under construction**	**Total**
At 1 January 2008							
Cost	336,601	—	62,762	99,021	199,425	1,826,150	2,523,959
Accumulated depreciation	(8,443)	—	(26,591)	(39,339)	(59,326)	—	(133,699)
Net book amount	328,158	—	36,171	59,682	140,099	1,826,150	2,390,260
Year ended 31 December 2008							
Opening net book amount	328,158	—	36,171	59,682	140,099	1,826,150	2,390,260
Additions	47,608	—	38,446	40,978	39,688	1,008,970	1,175,690
Transfers	300	2,534,006	204,449	—	—	(2,738,755)	—
Disposals (Note 36)	(1,320)	(57,253)	(359)	(572)	(7,268)	—	(66,772)
Depreciation (Notes 29 and 36)	(15,566)	(48,385)	(31,730)	(18,616)	(17,545)	—	(131,842)
Closing net book amount	359,180	2,428,368	246,977	81,472	154,974	96,365	3,367,336
At 31 December 2008							
Cost	383,189	2,476,753	305,298	139,427	231,845	96,365	3,632,877
Accumulated depreciation	(24,009)	(48,385)	(58,321)	(57,955)	(76,871)	—	(265,541)
Net book amount	359,180	2,428,368	246,977	81,472	154,974	96,365	3,367,336

7. Property, plant and equipment *(continued)*

	Group						
	Office buildings	**Hotel buildings**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Machinery**	**Assets under construction**	**Total**
Year ended 31 December 2009							
Opening net book amount	**359,180**	**2,428,368**	**246,977**	**81,472**	**154,974**	**96,365**	**3,367,336**
Business combinations (Note 40)	**—**	**—**	**321**	**—**	**—**	**—**	**321**
Additions	**46,814**	**99,745**	**6,239**	**15,951**	**27,688**	**95,109**	**291,546**
Transfer from properties under development	**239,891**	**—**	**—**	**—**	**—**	**48,507**	**288,398**
Transfers	**8,754**	**—**	**—**	**—**	**—**	**(8,754)**	**—**
Disposals (Note 36)	**(1,898)**	**(237,236)**	**(2,138)**	**(306)**	**(12,949)**	**—**	**(254,527)**
Depreciation (Notes 29 and 36)	**(15,064)**	**(78,220)**	**(53,070)**	**(22,106)**	**(30,252)**	**—**	**(198,712)**
Closing net book amount	**637,677**	**2,212,657**	**198,329**	**75,011**	**139,461**	**231,227**	**3,494,362**
At 31 December 2009							
Cost	**672,604**	**2,330,164**	**298,507**	**154,852**	**250,346**	**231,227**	**3,937,700**
Accumulated depreciation	**(34,927)**	**(117,507)**	**(100,178)**	**(79,841)**	**(110,885)**	**—**	**(443,338)**
Net book amount	**637,677**	**2,212,657**	**198,329**	**75,011**	**139,461**	**231,227**	**3,494,362**

For the year ended 31 December 2009, the Group disposed certain hotel buildings with the gain recognised in 'other gains – net' (Note 28).

Bank borrowings are secured on buildings for the value of RMB2,738,113,000 (2008: RMB2,025,542,000) for the Group (Note 24).

Assets under construction mainly represent building costs and other costs incurred for the construction of hotels. For the year ended 31 December 2009, no interest is capitalised in assets under construction (31 December 2008: RMB42,208,000). The capitalisation rate of borrowings for assets under construction was 6.76% for the year ended 31 December 2008.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. Property, plant and equipment *(continued)*

	Company			
	Buildings	**Furniture, fixtures and equipment**	**Motor vehicles**	**Total**
At 1 January 2008				
Cost	28,704	11,476	33,298	73,478
Accumulated depreciation	(6,370)	(7,246)	(16,954)	(30,570)
Net book amount	22,334	4,230	16,344	42,908
Year ended 31 December 2008				
Opening net book amount	22,334	4,230	16,344	42,908
Additions	32,520	3,764	5,658	41,942
Depreciation	(1,910)	(1,831)	(4,468)	(8,209)
Closing net book amount	52,944	6,163	17,534	76,641
At 31 December 2008				
Cost	61,224	15,240	38,956	115,420
Accumulated depreciation	(8,280)	(9,077)	(21,422)	(38,779)
Net book amount	52,944	6,163	17,534	76,641
Year ended 31 December 2009				
Opening net book amount	**52,944**	**6,163**	**17,534**	**76,641**
Additions	**56,601**	**1,532**	**3,039**	**61,172**
Transfer from property under development	**186,065**	**—**	**—**	**186,065**
Disposals	**—**	**(337)**	**—**	**(337)**
Depreciation	**(5,752)**	**(1,824)**	**(4,598)**	**(12,174)**
Closing net book amount	**289,858**	**5,534**	**15,975**	**311,367**
At 31 December 2009				
Cost	**303,890**	**11,541**	**41,995**	**357,426**
Accumulated depreciation	**(14,032)**	**(6,007)**	**(26,020)**	**(46,059)**
Net book amount	**289,858**	**5,534**	**15,975**	**311,367**

No property, plant and equipment is secured for bank borrowings as at 31 December 2009 (2008: RMB16,952,000) for the Company (Note 24).

7. Property, plant and equipment *(continued)*

Depreciation was expensed in the following category in the consolidated income statement:

	Group	
	2009	2008
Selling and administrative expenses	**43,753**	35,159
Cost of sales	**154,959**	96,683
	198,712	131,842

8. Investment properties

	Group			
	2009			2008
	Completed properties	**Properties under construction**	**Total**	Completed properties
Opening balance at 1 January	**7,360,581**	**—**	**7,360,581**	5,366,774
Additions	**—**	**1,969,830**	**1,969,830**	196,220
Transfer from properties under development	**419,762**	**—**	**419,762**	324,571
Disposal (Note 36)	**(22,771)**	**—**	**(22,771)**	—
Fair value gain - net (including in other gains - net) (Notes 28 and 36)	**368,941**	**235,294**	**604,235**	1,473,016
Closing balance at 31 December	**8,126,513**	**2,205,124**	**10,331,637**	7,360,581

	Company	
	2009 Completed properties	2008 Completed properties
Opening balance at 1 January	**220,920**	223,675
Fair value gain/(loss) - net (including in other gains - net)	**38,959**	(2,755)
Closing balance at 31 December	**259,879**	220,920

(All amounts in RMB Yuan thousands unless otherwise stated)

8. Investment properties *(continued)*

(a) The investment properties are located in the PRC and are held on lease of between 10 to 50 years

(b) Amounts recognised in the consolidated income statement for investment properties

	Group	
	2009	2008
Rental income	**278,059**	156,980
Direct operating expenses arising from investment properties that generate rental income	**24,251**	21,725
Direct operating expenses that did not generate rental income	**11,996**	15,202

(c) Valuation basis

The completed investment properties were revalued on 31 December 2009 by independent, professionally qualified valuers, either Vigers Appraisal & Consulting Limited or Yangcheng Appraisal Co., Ltd. Valuations were performed using income approach based on the terms of any existing leases and other external evidence such as current market rents or sales for similar types of properties in the locality, using capitalisation rates that reflect current market expectation for the assets being valued.

The management of the Group has concluded that the fair value of its investment properties under construction as at 31 December 2009 can be measured reasonably, therefore, the Group's investment properties under construction are measured at fair value on 31 December 2009. The valuation is performed by expertise of the Company, considering advice from Vigers Appraisal & Consulting Limited, by using residual method of valuation which is common in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interest payments to be incurred as well as developer's profits. The resultant figures are adjusted back to present values to reflect the existing state of the properties on 31 December 2009.

(d) Investment properties pledged as security

Investment properties pledged as collateral are as follows:

	Group		Company	
	2009	2008	**2009**	2008
Investment properties (Note 24)	**7,392,086**	6,739,186	**83,572**	—

(e) Leasing arrangements

Some of the investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are shown in Note 39.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

9. Intangible assets

	Group					Company
	Goodwill (Note a)	**Construction licence** (Note b)	**Customer contracts**	**Software**	**Total**	**Software**
At 1 January 2008						
Cost	542,611	282,000	322,000	6,820	1,153,431	4,825
Accumulated amortisation and impairment	(2,983)	—	(130,255)	(387)	(133,625)	(333)
Net book amount	539,628	282,000	191,745	6,433	1,019,806	4,492
Year ended 31 December 2008						
Opening net book amount	539,628	282,000	191,745	6,433	1,019,806	4,492
Additions	—	—	—	8,321	8,321	48
Amortisation charge	—	—	(150,751)	(1,048)	(151,799)	(485)
Closing net book amount	539,628	282,000	40,994	13,706	876,328	4,055
At 31 December 2008						
Cost	542,611	282,000	322,000	15,141	1,161,752	4,873
Accumulated amortisation and impairment	(2,983)	—	(281,006)	(1,435)	(285,424)	(818)
Net book amount	539,628	282,000	40,994	13,706	876,328	4,055
Year ended 31 December 2009						
Opening net book amount	**539,628**	**282,000**	**40,994**	**13,706**	**876,328**	**4,055**
Business combinations (Note 40)	**18,855**	**—**	**—**	**—**	**18,855**	**—**
Additions	**—**	**—**	**—**	**481**	**481**	**394**
Amortisation charge	**—**	**—**	**(40,994)**	**(1,572)**	**(42,566)**	**(513)**
Closing net book amount	**558,483**	**282,000**	**—**	**12,615**	**853,098**	**3,936**
At 31 December 2009						
Cost	**561,466**	**282,000**	**322,000**	**15,622**	**1,181,088**	**5,267**
Accumulated amortisation and impairment	**(2,983)**	**—**	**(322,000)**	**(3,007)**	**(327,990)**	**(1,331)**
Net book amount	**558,483**	**282,000**	**—**	**12,615**	**853,098**	**3,936**

(All amounts in RMB Yuan thousands unless otherwise stated)

9. Intangible assets *(continued)*

Intangible assets are amortised in the following category:

	Group	
	2009	2008
Selling and administrative expenses	**1,572**	1,048
Cost of sales	**31,856**	106,983
Capitalised in properties under development	**9,138**	43,768
	42,566	151,799

Note a:

Impairment test for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to operating segment of property development. The recoverable amount of a CGU 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 extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2009	2008
Gross margin	**12%**	10%
Growth rate for the five-year period	**3% - 12%**	3% - 8%
Terminal growth rate	**3%**	3%
Discount rate	**16.1%**	16.7%

Management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

Note b:

Impairment test for construction licence

The recoverable amount is determined by estimating the value of royalty which the company is exempted from by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2009	2008
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3% - 12%**	3% - 8%
Terminal growth rate	**3%**	3%
Discount rate	**16.6%**	17.2%

Management determined royalty rate based on past performance and the industry factor. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

10. Investments in subsidiaries

	Company	
	2009	2008
Investments, at cost:		
Unlisted shares	**10,400,932**	8,909,963

The following is a list of principal subsidiaries at 31 December 2009:

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:						
廣州市東圜房地產開發有限公司	29 October 1997	Limited liability company	RMB20,000,000	90%	10%	Property development in the PRC
廣州市吉浩源房地產開發有限公司	3 March 2000	Limited liability company	RMB20,000,000	90%	10%	Property development in the PRC
廣州市金鼎房地產發展有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	Property development in the PRC
廣州天富房地產開發有限公司	8 July 2002	Sino-foreign joint venture with limited liability	USD21,000,000	85%	—	Property development in the PRC
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of office buildings in the PRC
廣州富力恒盛置業有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of hotel buildings in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. Investments in subsidiaries *(continued)*

The following is a list of principal subsidiaries at 31 December 2009:

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	Property development in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB100,000,000	50%	50%	Property development in the PRC
廣州富力智盛置業發展有限公司	4 November 2005	Limited liability company	RMB100,000,000	50%	50%	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB300,000,000	100%	—	Property development in the PRC
廣州中嘉房地產開發有限公司	13 March 2006	Limited liability company	RMB10,000,000	90%	5%	Property development in the PRC
廣州市花都富力房地產開發有限公司	30 June 2006	Limited liability company	RMB100,000,000	90%	10%	Property development in the PRC
廣州永富房地產開發有限公司	19 December 2006	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
廣州楊帆房地產開發有限公司	10 September 2007	Limited liability company	RMB100,000,000	40%	60%	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	Property development in the PRC
廣州市華維裝飾材料有限公司	2 April 2004	Limited liability company	RMB500,000	100%	—	Provision of interior design service in the PRC

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
廣州富力廣告公司	14 August 2002	Limited liability company	RMB1,010,000	90%	10%	Advertising agency in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	Residential architecture design in the PRC
廣州天富建設工程監理有限公司	29 December 2001	Limited liability company	RMB3,010,000	—	100%	Construction supervision and consultancy in the PRC
廣州恒富擔保有限公司	24 October 2003	Limited liability company	RMB60,000,000	—	100%	Finance and consultancy in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB50,000,000	90%	10%	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	—	100%	Construction company in the PRC
廣州天盈園林工程有限公司	28 August 2009	Limited liability company	RMB5,000,000	—	100%	Gardening and virescence construction in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	Property management in the PRC
富力地產集團有限公司	8 July 1994	Limited liability company	RMB120,000,000	100%	—	Investment holdings in the PRC
廣州富力國際空港綜合物流園有限公司	11 June 2006	Limited liability company	RMB10,000,000	95%	5%	Storage and logistics in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	Provision of interior design service in the PRC
廣州富力百貨商貿有限公司	24 August 2006	Limited liability company	RMB10,000,000	90%	10%	Retail business in the PRC
廣州市駿熹物業管理有限公司	13 August 2007	Limited liability company	RMB500,000	—	100%	Property management in the PRC
深圳市奔望實業發展有限公司	20 May 1997	Limited liability company	RMB6,000,000	—	100%	Investment holding in the PRC
深圳市鼎力創業投資有限公司	4 August 2003	Limited liability company	RMB100,000,000	90%	10%	Investment holdings in the PRC
佛山富力房地產開發有限公司	7 November 2007	Limited liability company	RMB20,000,000	95%	5%	Property development in the PRC
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB 1,394,781,578	96%	4%	Property development in the PRC
富力（北京）地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	Property development in the PRC
北京華恩房地產開發有限公司	5 September 2000	Limited liability company	RMB30,000,000	52%	48%	Property development in the PRC
北京地源達房地產開發有限公司	7 February 2002	Sino-foreign joint venture with limited liability	USD5,000,000	—	100%	Property development in the PRC
北京鴻高置業發展有限公司	8 June 1999	Limited liability company	RMB300,000,000	—	100%	Property development in the PRC

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB29,000,000	—	100%	Property development in the PRC
北京天葉信衡房地產開發有限公司	1 November 2001	Limited liability company	RMB16,000,000	—	100%	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	—	100%	Property development in the PRC
富力（香河）房地產開發有限公司	5 November 2009	Limited liability company	RMB200,000,000	—	100%	Property development in the PRC
北京恒富物業管理有限公司	12 December 2002	Limited liability company	RMB5,000,000	—	100%	Property management for self-developed properties in the PRC
北京富力天創廣告有限公司	24 October 2002	Limited liability company	RMB1,000,000	—	100%	Advertising agency in the PRC
北京京城市政工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	—	100%	Construction sub-contracting in the PRC
北京富力歐美園林綠化工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	—	100%	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB2,000,000	—	100%	Manufacture of aluminium frame and sales of construction and decoration materials in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
北京富力會康體俱樂部有限公司	15 October 2004	Limited liability company	RMB3,000,000	—	100%	Operation of a recreational club in the PRC
北京極富房地產開發有限公司	30 August 2007	Limited liability company	RMB30,000,000	100%	—	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	Property development in the PRC
天津鴻富房地產開發有限公司	30 June 2006	Limited liability company	RMB300,000,000	—	100%	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB320,000,000	—	100%	Property development in the PRC
天津濱海投資有限公司	25 December 2007	Limited liability company	RMB50,000,000	—	100%	Property development in the PRC
天津富景投資發展有限公司	30 December 2008	Limited liability company	RMB10,000,000	—	100%	Property development in the PRC
天津富力新城投資有限公司	19 February 2009	Limited liability company	RMB10,000,000	—	100%	Property development in the PRC
天津富力會休閒健身娛樂有限公司	23 October 2008	Limited liability company	RMB100,000	—	100%	Operation of a recreational club in the PRC
西安富力房地產開發有限公司	26 September 2005	Limited liability company	RMB502,507,000	80.1%	19.9%	Property development in the PRC
西安保德信房地產開發有限公司	8 August 2005	Limited liability company	RMB65,000,000	—	100%	Property development in the PRC
西安濱湖花園房地產開發有限公司	8 August 2005	Limited liability company	RMB55,000,000	—	100%	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB250,000,000	—	100%	Property development in the PRC

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
重慶永富房地產開發有限公司	18 December 2007	Limited liability company	RMB10,000,000	—	100%	Property development in the PRC
重慶富力城房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	Property development in the PRC
廣州富力地產（重慶）有限公司	26 January 2007	Limited liability company	RMB330,000,000	93.94%	6.06%	Property development in the PRC
成都富力房地產開發有限公司	27 March 2007	Limited liability company	RMB300,000,000	98.33%	1.67%	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	85%	—	Property development in the PRC
成都富力熊貓城項目開發有限公司	15 August 2006	Limited liability company	RMB30,000,000	65%	—	Property development in the PRC
四川富力百貨商貿有限公司	12 March 2008	Limited liability company	RMB10,000,000	—	100%	Property operation in the PRC
上海富力房地產開發有限公司	25 April 2007	Limited liability company	RMB200,000,000	95%	5%	Property development in the PRC
上海浦衛房地產開發有限公司	18 July 2006	Limited liability company	RMB320,000,000	—	100%	Property development in the PRC
昆山新延房地產開發有限公司	16 November 2000	Limited liability company	RMB8,000,000	—	100%	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB200,000,000	95%	5%	Property development in the PRC
海南三林發展有限公司	17 January 1995	Limited liability company	RMB25,210, 000	—	100%	Property development in the PRC
海南朝陽房地產開發有限公司	4 April 1995	Limited liability company	RMB11,060,000	—	100%	Property development in the PRC
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB24,900,000	—	100%	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. Investments in subsidiaries *(continued)*

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: *(continued)*						
海南紅樹林度假村有限公司	24 March 1995	Limited liability company	RMB11,650,000	—	100%	Property development in the PRC
海南明強房地產開發有限公司	26 April 1995	Limited liability company	RMB11,700,000	—	100%	Property development in the PRC
海南易通生態科技有限公司	27 January 1994	Limited liability company	HKD15,000,000	—	100%	Property development in the PRC
海南怡豐房地產發展（香港）有限公司	27 January 1994	Limited liability company	HKD15,000,000	100%	—	Property development in the PRC
海南陵水富力灣開發有限公司	23 November 2006	Limited liability company	RMB300,000,000	100%	—	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB100,000,000	99.8%	0.2%	Property development in the PRC
海南協興地產發展（香港）有限公司	26 January 1994	Limited liability company	HKD15,000,000	100%	—	Property development in the PRC
Subsidiaries – incorporated in Hong Kong:						
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD10,000	100%	—	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands(BVI):						
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	—	100%	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	—	100%	Investment holding in BVI

11. Interests in jointly controlled entities

	Group 2009	Group 2008
At 1 January	**628,998**	405,311
Additional interest in 廣州市富景房地產開發有限公司（「廣州富景」）	**133,360**	224,166
Additional interest in 廣州聖景房地產開發有限公司（「廣州聖景」）	**116,132**	—
Share of results (Note 36)	**(2,427)**	(479)
At 31 December	**876,063**	628,998

	Company 2009	Company 2008
At 1 January	**246,305**	22,139
Additional interest in 廣州富景	**133,360**	224,166
Additional interest in 廣州聖景	**116,132**	—
At 31 December	**495,797**	246,305

The results of the Group's principal jointly controlled entities , all of which are unlisted and its aggregated assets and liabilities are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets RMB'000	Liabilities RMB'000	Profit/(loss) RMB'000	% interest held at 31 December 2009 and 2008 Direct	% interest held at 31 December 2009 and 2008 Indirect
Maxview Investments Limited ("Maxview")	USD50,000	BVI	707,108	109,568	(387)	—	82.80%
Value Success Investments Limited ("Value Success")	USD10,000	BVI	621,633	642,116	(16,501)	—	66.67%
Henic International Limited	HKD10,000	HK	17	21	(1)	—	82.80%
廣州聖景	USD80,000,000	PRC	686,345	110,600	(197)	25.00%	62.10%
富力（瀋陽）商務諮詢有限公司（「富力（瀋陽）」）	USD20,000,000	PRC	158,967	20,720	(2,849)	—	66.67%
瀋陽億隆房屋開發有限公司（「瀋陽億隆」）	RMB20,000,000	PRC	607,668	622,630	(13,664)	—	66.67%
廣州富景	HKD1,533,000,000	PRC	3,812,534	2,657,102	—	33.34%	—

Pursuant to the joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities by obtaining more than one half of the voting rights.

The proportionate interest in commitments relating to the Group's interests in jointly controlled entities are RMB799,862,000 at 31 December 2009 (2008: RMB707,298,000).

There are no other contingent liabilities relating to the Group's interests in jointly controlled entities.

12. Interests in associates

	Group	
	2009	2008
At 1 January	**43,028**	35,216
Disposal of interest in 廣州溢富投資有限公司（「溢富投資」）	**(8,114)**	—
Share of results (Note 36)	**434**	7,812
At 31 December	**35,348**	43,028

The results of the Group's principal associates, all of which are unlisted and its aggregated assets and liabilities are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% Interest held at 31 December 2009 and 2008
	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	Indirect
北京富盛利房地產經紀有限公司（「北京富盛利」）	91,913	PRC	296,119	178,295	163,630	(3,710)	30%
廣州富力城信信息科技有限公司（「富力城信」）*	3,010	PRC	5,532	5,532	—	(349)	50%
廣州超力混凝土有限公司（「超力混凝土」）	20,000	PRC	116,824	90,183	272,627	2,407	21%

* Pursuant to the article of association of the entity, the Group has the power to participate in the financial and operating policy decisions but not control or jointly control over the entity.

There are no other contingent liabilities or capital commitments relating to the Group's interests in associates.

13. Available-for-sale financial assets

	Group and Company	
	2009	2008
At 1 January	**304,000**	416,000
Disposal	**(171,097)**	—
Fair value gain/(loss) recognised in comprehensive income before tax	**42,097**	(112,000)
At 31 December	**175,000**	304,000
Less: non-current portion	**(175,000)**	(132,903)
Current portion	**—**	171,097

As at 31 December 2009 and 2008, available-for-sale financial assets represented the Group's equity investments in Guangzhou Securities Co., Ltd. ("Guangzhou Securities"), which are not quoted in active market.

As approved by China Securities Regulatory Commission in 2009, the Group disposed 11.02% of its equity investments in Guangzhou Securities at a consideration of RMB225,000,000. After the disposal, the Group holds 4.88% of equity interests in Guangzhou Securities.

13. Available-for-sale financial assets *(continued)*

There were no impairment provisions on available-for-sale financial assets during the year (2008: Nil).

The carrying amounts of the Group's available-for-sale financial assets are denominated in RMB.

The fair value of the Group's available-for-sale financial assets was revalued on 31 December 2009 by independent, qualified valuer Yangcheng Appraisals Co., Ltd. Respective fair value gain on the remaining equity investments was credited to the reserve account. Valuation was performed based on the market approach, which was by reference to fair value of another instrument that is substantially the same, maximising the use of observable market data and rely as little as possible on entity specific estimates.

14. Properties under development

	Group		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
To be recovered after more than 12 months	**10,335,241**	10,941,472	12,705,325
To be recovered within 12 months	**19,989,739**	15,731,026	16,731,076
	30,324,980	26,672,498	29,436,401
Amount comprises:			
Land use rights	**11,391,124**	12,233,073	14,278,225
Construction costs and capitalised expenditures	**17,965,363**	13,349,391	14,777,292
Finance costs capitalised	**968,493**	1,090,034	380,884
	30,324,980	26,672,498	29,436,401

	Company		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
To be recovered after more than 12 months	**506,161**	1,283,156	2,123,668
To be recovered within 12 months	**2,181,319**	2,507,067	1,795,184
	2,687,480	3,790,223	3,918,852
Amount comprises:			
Land use rights	**715,314**	1,093,025	1,984,960
Construction costs and capitalised expenditures	**1,686,308**	2,205,886	1,708,752
Finance costs capitalised	**285,858**	491,312	225,140
	2,687,480	3,790,223	3,918,852

(All amounts in RMB Yuan thousands unless otherwise stated)

14. Properties under development *(continued)*

The Group had made payments for land use rights of RMB3,625,230,000 as at 31 December 2009 (2008: RMB3,952,770,000), for which the Group was in the process of applying for formal land use rights certificates.

The Company had made payments for land use rights of RMB234,220,000 as at 31 December 2008 (2008: RMB307,239,000), for which the Company was in the process of applying for formal land use rights certificates.

The capitalisation rate of borrowings is as follows:

	Group		Company	
	2009	2008	**2009**	2008
Capitalisation rate	**6.02%**	6.84%	**5.56%**	6.97%

Properties under development pledged as collateral is as follows:

	Group		Company	
	2009	2008 Restated	**2009**	2008 Restated
Properties under development (Note 24)	**2,052,655**	1,673,035	**—**	—

All properties under development are located in the PRC.

15. Completed properties held for sale

	Group		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Land use rights	**1,022,082**	1,332,454	771,386
Construction costs and capitalised expenditures	**3,471,415**	5,803,964	3,854,649
Finance costs capitalised	**221,828**	585,036	52,173
	4,715,325	7,721,454	4,678,208

	Company		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Land use rights	**197,737**	204,174	285,760
Construction costs and capitalised expenditures	**883,405**	954,180	1,387,006
Finance costs capitalised	**103,472**	97,909	44,828
	1,184,614	1,256,263	1,717,594

Completed properties held for sale pledged as collateral is as follows:

	Group		Company	
	2009	2008 Restated	**2009**	2008 Restated
Completed properties held for sale (Note 24)	**482,627**	929,627	**99,634**	119,215

All completed properties held for sale are located in the PRC and are stated at cost.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. Inventories

	Group	
	2009	2008
Construction materials	**275,013**	110,814
Inventories for hotel operations	**10,820**	6,172
	285,833	116,986

17. Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
Trade receivables				
— Due from jointly controlled entities (Notes (a) and 41 (xiv))	**41,844**	19,679	**—**	—
— Due from related parties (Notes (a) and 41 (xiv))	—	181,790	**—**	—
— Due from third parties (Note (a))	**850,675**	617,265	**225,503**	178,685
	892,519	818,734	**225,503**	178,685
Less: provision for impairment of trade receivables (Note (a))	**(2,756)**	—	**(1,941)**	—
Trade receivables – net	**889,763**	818,734	**223,562**	178,685
Other receivables (Note (b))	**517,650**	885,819	**123,611**	352,662
Prepayments (Note (c))	**2,405,522**	1,602,902	**2,121,616**	161,260
Due from subsidiaries (Note (d))	—	—	**6,790,556**	7,132,750
Due from jointly controlled entities (Note 41 (xiv))	**1,222,250**	942,804	**737,776**	426,416
Due from associates (Note 41 (xiv))	**1,402**	54,181	—	—
Due from a related party (Note 41 (xiv))	—	118	—	—
Less: provision for impairment of other receivables (Note (f))	**(22,347)**	(24,029)	**(7,175)**	(7,214)
Total (Note (e))	**5,014,240**	4,280,529	**9,989,946**	8,244,559
Less : non-current portion	**(461,108)**	(365,539)	**(173,820)**	(118,434)
Current portion	**4,553,132**	3,914,990	**9,816,126**	8,126,125

The carrying amounts of trade and other receivables approximate their fair values.

17. Trade and other receivables *(continued)*

(a) Trade receivables

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sales and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables at 31 December 2009 is as follows:

	Group		Company	
	2009	2008	**2009**	2008
0 to 90 days	**629,426**	575,089	**120,687**	57,307
91 to 180 days	**50,766**	36,248	**13,846**	12,131
181 to 365 days	**67,735**	69,134	**10,570**	53,579
1 year to 2 years	**83,987**	108,221	**51,821**	44,021
Over 2 years	**60,605**	30,042	**28,579**	11,647
	892,519	818,734	**225,503**	178,685

Trade receivables are analysed as below:

	Group		Company	
	2009	2008	**2009**	2008
Fully performing under credit terms	**873,863**	805,534	**223,562**	178,685
Past due but not impaired	**15,900**	13,200	**—**	—
Non-performing and impaired	**2,756**	—	**1,941**	—
Trade receivables	**892,519**	818,734	**225,503**	178,685
Less: provision for impairment	**(2,756)**	—	**(1,941)**	—
Trade receivables – net	**889,763**	818,734	**223,562**	178,685

As at 31 December 2009, trade receivables of RMB2,756,000 were impaired and fully provided for (31 December 2008: Nil). The individually impaired receivables mainly relate to certain independent customers which are in unexpectedly difficult economic situations.

For past due but not impaired receivables, the Group has the right to cancel the sales contracts and take over the legal title and possession of the underlying properties for re-sales. Therefore, the Directors consider that the receivables would be recovered and no provision was made against these receivables as at 31 December 2009 (31 December 2008: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

17. Trade and other receivables *(continued)*

(a) Trade receivables *(continued)*

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2009	2008	**2009**	2008
At 1 January	**—**	—	**—**	—
Provision for doubtful debts (Notes 29 and 36)	**2,756**	—	**1,941**	—
At 31 December	**2,756**	—	**1,941**	—

(b) Other receivables

The ageing analysis of other receivables at 31 December 2009 is as follows:

	Group		Company	
	2009	2008	**2009**	2008
0 to 1 year	**307,634**	362,477	**111,534**	64,629
1 year to 2 years	**36,812**	416,612	**4,906**	281,463
2 year to 3 years	**159,707**	85,002	**752**	4,187
Over 3 years	**13,497**	21,728	**6,419**	2,383
	517,650	885,819	**123,611**	352,662

It mainly represents deposits for acquisitions of land use rights through tendering system. Such deposits would be transferred to prepayments when the tender is successful. Payments on land acquisitions will be made in accordance with the payment terms as stipulated in the land acquisition contracts. The land acquisition costs which are contracted but not provided for are included in commitments (Note 38).

Other receivables are analysed as below:

	Group		Company	
	2009	2008	**2009**	2008
Performing under normal business	**399,638**	856,360	**115,328**	340,532
Past due but not impaired	**90,000**	—	**—**	—
Non-performing and impaired	**28,012**	29,459	**8,283**	12,130
Other receivables	**517,650**	885,819	**123,611**	352,662
Less: provision for impairment	**(22,347)**	(24,029)	**(7,175)**	(7,214)
Other receivables – net	**495,303**	861,790	**116,436**	345,448

17. Trade and other receivables *(continued)*

(c) It mainly represents prepayments for investments in or acquisitions of certain project companies and prepayments for purchases of construction materials.

(d) The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(e) The carrying amounts of the Group's trade and other receivables are denominated in RMB.

(f) Movements on the provision for impairment of other receivables are as follows:

	Group		Company	
	2009	2008	**2009**	2008
At 1 January	**24,029**	25,811	**7,214**	7,200
Reversal of provision for doubtful debts (Notes 29 and 36)	**(12,363)**	(5,756)	**(2,274)**	(2,334)
Provision for doubtful debts (Notes 29 and 36)	**10,681**	3,974	**2,235**	2,348
At 31 December	**22,347**	24,029	**7,175**	7,214

18. Restricted cash

	Group		Company	
	2009	2008	**2009**	2008
Guarantee deposits for construction of pre-sold properties (Note (a))	**490,270**	200,190	**274,969**	106,208
Guarantee deposits for resettlement costs (Note (b))	**123,217**	198,746	**18,454**	16,899
Guarantee deposits for construction payable (Note (c))	**48,414**	84,349	**285**	284
Guarantee deposits for bank borrowings (Note (d))	**157,018**	100,077	**150,077**	100,077
Guarantee deposits for mortgage loans provided to customers (Note (e))	**25,307**	19,926	**—**	—
Guarantee deposits for salary payments for construction workers (Note (f))	**5,746**	—	**—**	—
Guarantee deposits for bank acceptance notes Note (g))	**395,000**	—	**—**	—
	1,244,972	603,288	**443,785**	223,468

(All amounts in RMB Yuan thousands unless otherwise stated)

18. Restricted cash *(continued)*

Note:

(a) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(b) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings which are subject to demolition for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(c) According to relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payable as deposits for potential default in payment. Such guarantee deposits will only be released after settlement of the construction payables.

(d) Pursuant to the relevant bank loan agreement, the Group is required to place at a designated bank account certain amount as deposits for securing the borrowings provided to a subsidiary. Such guarantee deposits will only be released after full repayment of borrowings.

Pursuant to a bank loan agreement, the Group is required to place all proceeds from lease of a property, which has been pledged to the bank as collateral of the loan, in a designated bank account. The deposit can be drawn out only after obtaining approval from the bank. As at 31 December 2009, the guarantee deposits amounted to RMB6,941,000 (31 December 2008: Nil).

(e) According to relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount as deposits for potential default in payment of mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(f) In accordance with relevant documents issued by the Guangzhou Municipal Labour & Social Security Bureau, certain construction companies of the Group are required to place deposits at designated bank accounts for potential default in salary payments to construction workers. Such guarantee deposits will only be released after completion of the construction projects and full payment of salaries.

(g) According to the relevant contract, the Group is required to place certain cash deposits at a designated bank account as security for bank acceptance notes. Such guarantee deposits will only be released after fully payment of the notes.

The restricted cash is denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
RMB	**1,238,031**	603,288	**443,785**	223,468
HKD	**6,941**	—	**—**	—
	1,244,972	603,288	**443,785**	223,468

The Directors of the Group are of the view that the restricted cash listed as above will be released within one year.

19. Cash

	Group		Company	
	2009	2008	**2009**	2008
Cash at bank and in hand	**6,642,279**	1,449,668	**937,001**	498,989

	Group		Company	
	2009	2008	**2009**	2008
Denominated in:				
— RMB	**5,754,634**	1,430,780	**759,838**	497,645
— USD	**6,203**	604	**—**	—
— HKD	**881,442**	18,284	**177,163**	1,344
	6,642,279	1,449,668	**937,001**	498,989

The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

The table below shows the restricted cash and cash at bank balances of the major counterparties with external credit ratings as at 31 December 2009 and 2008.

	Group		Company	
Counterparties with external credit rating (Note)	**2009**	2008	**2009**	2008
A1	**3,142,511**	1,124,995	**237,081**	251,798
Baa1	**1,100,540**	99,406	**119**	19,253
Baa2	**902,826**	141,484	**722,871**	105,541
Baa3	**1,812,391**	464,746	**189,757**	199,111
Ba2	**11**	1,371	**—**	—
Others and cash in hand	**928,972**	220,954	**230,958**	146,754
	7,887,251	2,052,956	**1,380,786**	722,457

Note: The source of credit rating is from Moody's.

20. Share capital

	Number of shares (thousands)	Ordinary shares	Share premium	Total
At 31 December 2009 and 2008				
— domestic shares	2,207,108	551,777	—	551,777
— H shares	1,015,259	253,815	3,636,625	3,890,440
	3,222,367	805,592	3,636,625	4,442,217

At 31 December 2009 and 2008, the registered, issued and fully paid capital of the Company was RMB805,592,000, divided into 3,222,367,000 shares of RMB0.25 each, comprising 2,207,108,000 domestic shares and 1,015,259,000 H shares.

21. Retained earnings

	Group		Company	
	2009	2008	**2009**	2008
Balance at 1 January as previously reported	**9,716,550**	7,385,452	**2,308,088**	2,063,009
Reversal of amortisation of land use rights (Note 2)	**79,410**	94,283	**22,639**	21,865
Balance at 1 January as restated	**9,795,960**	7,479,735	**2,330,727**	2,084,874
Profit for the year	**2,899,500**	3,119,499	**1,135,089**	1,049,127
Dividend (Note 35)	**(902,263)**	(803,274)	**(902,263)**	(803,274)
Balance at 31 December	**11,793,197**	9,795,960	**2,563,553**	2,330,727

22. Other reserves

	Share premium	Available-for-sale financial assets	Statutory reserve fund	Total
Group and Company				
Balance at 1 January 2008	3,636,625	258,728	539,144	4,434,497
Fair value loss of available-for-sale financial assets, net of tax	—	(84,000)	—	(84,000)
Balance at 31 December 2008	3,636,625	174,728	539,144	4,350,497
Balance at 1 January 2009	3,636,625	174,728	539,144	4,350,497
Fair value gain on available-for-sale financial assets released to consolidated income statement, net of tax (Note (a))	**—**	**(67,217)**	**—**	**(67,217)**
Fair value gain of available-for-sale financial assets, net of tax	**—**	**31,573**	**—**	**31,573**
Balance at 31 December 2009	**3,636,625**	**139,084**	**539,144**	**4,314,853**

Note:

(a) Following the partial disposal of equity investments as detailed in Note 13, previously recognised fair value gain was proportionally released to consolidated income statement.

(b) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profit of each year, these subsidiaries shall set aside 10% of their net profits as reported in their statutory accounts for the statutory reserve fund until the balance of such fund has reached 50% of its registered capital.

(c) Statutory reserve fund forms part of the shareholders' funds and is not distributable other than on liquidation.

(d) Dividends will be distributed out of the Group's distributable reserves, which represent the lower amount as determined in accordance with CAS and HKFRS. As at 31 December 2009, the Company's distributable reserves were approximately RMB2,556 million (31 December 2008: RMB2,308 million), being the smaller of the distributable reserves as determined under CAS and HKFRS.

(e) Share premium can be utilised for increasing paid-up capital as approved by the Directors.

(All amounts in RMB Yuan thousands unless otherwise stated)

23. Accruals and other payables

	Group		Company	
	2009	2008	**2009**	2008
Amounts due to subsidiaries (Note (a))	**—**	—	**3,910,859**	5,308,497
Amounts due to jointly controlled entities (Notes (a) and 41 (xiv))	**16,682**	11,915	**—**	—
Amounts due to associates (Notes (a) and 41 (xiv))	**40,852**	53,878	**—**	51,353
Amounts due to related parties (Notes (a) and 41 (xiv))	**—**	25,237	**—**	25,265
Construction payables (Note (b))	**4,980,885**	5,781,904	**1,087,991**	1,600,681
Other payables and accrued charges (Note (c))	**3,412,991**	3,391,857	**1,421,832**	1,009,896
Notes payables	**395,000**	—	**200,000**	—
	8,846,410	9,264,791	**6,620,682**	7,995,692

All payable and accrual balances are denominated in RMB.

(a) The amounts are unsecured, interest free and are repayable on demand.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group.

(c) The balance mainly represents payables arising from acquisitions of equity interests in certain companies and other tax payables excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair value.

24. Borrowings

	Group		Company	
	2009	2008	**2009**	2008
Non-current				
Long-term bank loans				
– Secured	**9,266,921**	7,114,000	**1,263,000**	2,215,000
– Unsecured	**8,840,150**	11,168,000	**3,366,000**	3,855,000
	18,107,071	18,282,000	**4,629,000**	6,070,000
Less: Current portion of long-term bank loans	**(6,013,600)**	(7,299,500)	**(2,536,000)**	(2,600,000)
	12,093,471	10,982,500	**2,093,000**	3,470,000
Corporate bonds				
– Unsecured	**5,429,319**	—	**5,429,319**	—
	17,522,790	10,982,500	**7,522,319**	3,470,000
Current				
Short-term bank loans				
– Secured	**625,499**	1,484,922	**—**	200,000
– Unsecured	**228,000**	704,000	**—**	100,000
	853,499	2,188,922	**—**	300,000
Total borrowings	**24,389,889**	20,470,922	**10,058,319**	6,370,000

(All amounts in RMB Yuan thousands unless otherwise stated)

24. Borrowings *(continued)*

(a) Bank loans

The exposure of the Group's bank loans to interest-rate changes and the contractual repricing dates are all within one year.

At 31 December 2009, bank loans totaling RMB9,892,420,000 (31 December 2008: RMB8,598,922,000) of the Group and RMB1,263,000,000 (31 December 2008: RMB2,415,000,000) of the Company were secured by the following:

	Group		Company	
	2009	2008	**2009**	2008
Land use rights (Note 6)	**74,363**	278,580	**—**	—
Properties under development (Note 14)	**2,052,655**	1,673,035	**—**	—
Property, plant and equipment (Note 7)	**2,738,113**	2,025,542	**—**	16,952
Investment properties (Note 8)	**7,392,086**	6,739,186	**83,572**	—
Completed properties held for sale (Note 15)	**482,627**	929,627	**99,634**	119,215
Restricted cash	**150,077**	100,077	**150,077**	100,077
Equity investments in subsidiaries	**325,333**	114,874	**—**	—
	13,215,254	11,860,921	**333,283**	236,244

The majority of unsecured bank loans are supported by guarantees. Details are as follows:

	Group		Company	
	2009	2008	**2009**	2008
Guarantors				
The Company	**5,702,150**	7,917,000	**—**	—
Subsidiaries	**3,366,000**	3,955,000	**3,366,000**	3,955,000
	9,068,150	11,872,000	**3,366,000**	3,955,000

The maturity of bank loans is as follows:

	Group		Company	
	2009	2008	**2009**	2008
Within one year	**6,867,099**	9,488,422	**2,536,000**	2,900,000
Between one and two years	**5,591,290**	8,296,500	**1,635,000**	2,455,000
Between two and five years	**3,854,070**	2,455,000	**458,000**	1,015,000
Over five years	**2,648,111**	231,000	**—**	—
Total bank loans	**18,960,570**	20,470,922	**4,629,000**	6,370,000

24. Borrowings *(continued)*

(a) Bank loans *(continued)*

The carrying amounts of bank loans are denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
RMB	**18,535,072**	19,986,000	**4,629,000**	6,370,000
HKD	**425,498**	484,922	**—**	—
	18,960,570	20,470,922	**4,629,000**	6,370,000

Interests are charged based on floating rates on outstanding principals and the weighted average effective interest rates at the balance sheet date are as follows:

	2009	2008
RMB bank loans – floating rates	**5.46%**	6.83%
HKD bank loans – floating rates	**2.78%**	3.45%

The carrying amounts and fair value of the non-current bank loans are as follows:

	Group			
	Carrying amounts		Fair values	
	2009	2008	**2009**	2008
Bank loans	**12,093,471**	10,982,500	**12,210,623**	10,983,165

	Company			
	Carrying amounts		Fair values	
	2009	2008	**2009**	2008
Bank loans	**2,093,000**	3,470,000	**2,092,284**	3,468,902

The fair values of the non-current bank loans equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted at the borrowing rate of 5.26% (2008: 6.96%).

The carrying amounts of short-term bank loans approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. Borrowings *(continued)*

(b) Corporate bonds

The Company issued 55,000,000 corporate bonds at a par value of RMB5.5 billion in the PRC on 23 October 2009. The bonds will mature after five years from the issue date at their nominal value of RMB5.5 billion.

On 12 November 2009, the corporate bonds are listed on Shanghai Stock Exchange.

The principal terms of the corporate bonds are as follows:

(i) Interest rate

The interest rate of the corporate bonds is fixed at 6.85% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basic points for the remaining periods.

(ii) Maturity

The corporate bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The economic characteristics and risks of the put option embedded in the debt instrument is closely related to the host contract as the option's exercise price is approximately equal on the exercise date to the amortised cost of the host debt instrument. Therefore, the embedded derivative is not separately accounted for from the host contract.

The movement of the corporate bonds is set out below:

	Group and Company
Corporate bonds issued on 23 October 2009	5,500,000
Transaction costs net of interest income received	(73,110)
Initial amortised cost as at 23 October 2009	5,426,890
Interest charged (Note 31)	74,683
Included in other payables	(72,254)
Amortised cost as at 31 December 2009	5,429,319

The fair value of the corporate bonds at 31 December 2009 amounted to RMB5,497,539,000. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 7.18%.

25. Tax prepayments

Tax prepayment amounts are as follows:

	Group		Company	
	2009	2008	**2009**	2008
Enterprise income tax prepayments	**202,856**	322,259	**37,723**	48,464
Land appreciation tax prepayments	**113,566**	60,918	**22,709**	9,693
Business tax prepayments	**615,071**	326,665	**89,393**	53,310
Other tax prepayments	**7,943**	2,512	**695**	433
	939,436	712,354	**150,520**	111,900

Tax prepayments are calculated based on certain percentage of cash received from pre-sale of properties.

26. Deferred income tax

There were no offsettings of deferred income tax assets and liabilities in 2008 and 2009.

	Group		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Deferred tax assets:			
– Deferred tax assets to be recovered after more than 12 months	**385,926**	205,356	33,142
– Deferred tax assets to be recovered within 12 months	**333,663**	79,158	232,585
	719,589	284,514	265,727
Deferred tax liabilities:			
– Deferred tax liabilities to be recovered after more than 12 months	**(1,692,490)**	(1,609,537)	(1,239,971)
– Deferred tax liabilities to be recovered within 12 months	**(34,363)**	(39,374)	(199,457)
	(1,726,853)	(1,648,911)	(1,439,428)

(All amounts in RMB Yuan thousands unless otherwise stated)

26. Deferred income tax *(continued)*

	Company		
	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
Deferred tax assets:			
– Deferred tax assets to be recovered after more than 12 months	**2,280**	9,350	—
– Deferred tax assets to be recovered within 12 months	**64,580**	3,346	38,516
	66,860	12,696	38,516
Deferred tax liabilities:			
– Deferred tax liabilities to be recovered after more than 12 months	**(76,916)**	(115,691)	(102,761)
– Deferred tax liabilities to be recovered within 12 months	**(23,233)**	(16,454)	(43,547)
	(100,149)	(132,145)	(146,308)

The gross movement on the deferred income tax account is as follows:

	Group	
	31 December 2009	31 December 2008 Restated
At 1 January	**(1,364,397)**	(1,173,701)
Income statement credit/(charge) (Note 32)	**345,252**	(218,696)
Tax credit relating to components of other comprehensive income (Note 32)	**11,881**	28,000
At 31 December	**(1,007,264)**	(1,364,397)

	Company	
	31 December 2009	31 December 2008 Restated
At 1 January	**(119,449)**	(107,792)
Income statement credit/(charge)	**90,641**	(39,657)
Tax credit relating to components of other comprehensive income	**11,881**	28,000
At 31 December	**(16,927)**	(119,449)

26. Deferred income tax *(continued)*

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities:

	Group					
	Timing difference in sales recognition	**Fair value gain on investment properties**	**Revaluation gain arising from business combinations**	**Revaluation of available-for-sale financial assets**	**Others**	**Total**
At 1 January 2008	143,857	843,157	384,605	67,809	—	1,439,428
(Credited)/charged to the income statement	(118,838)	368,254	(67,029)	—	55,096	237,483
Credited to other comprehensive income	—	—	—	(28,000)	—	(28,000)
At 31 December 2008	25,019	1,211,411	317,576	39,809	55,096	1,648,911
Charged/(credited) to the income statement	9,344	148,904	(46,622)	—	(21,803)	89,823
Credited to other comprehensive income	—	—	—	(11,881)	—	(11,881)
At 31 December 2009	34,363	1,360,315	270,954	27,928	33,293	1,726,853

	Company				
	Timing difference in sales recognition	**Fair value gain on investment properties**	**Revaluation of available-for-sale financial assets**	**Others**	**Total**
At 1 January 2008	43,548	34,951	67,809	—	146,308
(Credited)/charged to the income statement	(27,094)	(689)	—	41,620	13,837
Credited to other comprehensive income	—	—	(28,000)	—	(28,000)
At 31 December 2008	16,454	34,262	39,809	41,620	132,145
Charged/(credited) to the income statement	6,779	9,740	—	(36,634)	(20,115)
Credited to other comprehensive income	—	—	(11,881)	—	(11,881)
At 31 December 2009	23,233	44,002	27,928	4,986	100,149

(All amounts in RMB Yuan thousands unless otherwise stated)

26. Deferred income tax *(continued)*

Deferred tax assets:

	Group				
	Accruals	**Tax losses**	**Unrealised profit on intra-group transactions**	**Others** Restated	**Total** Restated
At 1 January 2008	151,354	40,463	72,379	1,531	265,727
(Charged)/credited to the income statement	(119,439)	111,043	15,808	11,375	18,787
At 31 December 2008	31,915	151,506	88,187	12,906	284,514
Credited/(charged) to the income statement	281,681	147,798	10,229	(4,633)	435,075
At 31 December 2009	313,596	299,304	98,416	8,273	719,589

	Company		
	Accruals	**Others** Restated	**Total** Restated
At 1 January 2008	38,516	—	38,516
(Charged)/credited to the income statement	(27,624)	1,804	(25,820)
At 31 December 2008	10,892	1,804	12,696
Credited to the income statement	53,689	475	54,164
At 31 December 2009	64,581	2,279	66,860

27. Current income tax liabilities

	Group		Company	
	2009	2008	**2009**	2008
Land appreciation tax payable	**2,191,069**	1,705,393	**935,746**	829,254
Income tax payable	**804,818**	658,593	**102,195**	116,802
	2,995,887	2,363,986	**1,037,941**	946,056

28. Other gains - net

	2009	2008
Fair value gain on investment properties - net (Notes 8 and 36)	**604,235**	1,473,016
Gain on disposal of available-for-sale financial assets (Note 36)	**140,653**	—
Gain on disposals of property, plant and equipment and land use rights (Note 36)	**384,185**	39,870
Gain on disposal of investment properties (Note 36)	**11,504**	—
Interest income	**48,896**	29,101
Others	**23,982**	(21,095)
	1,213,455	1,520,892

29. Expenses by nature

Expenses by nature comprising cost of sales, selling and administrative expenses and other operating (expenses)/ income are analysed as follows:

	2009	2008 Restated
Crediting		
Reversal of provision for doubtful debts (Notes 17 and 36)	**(12,363)**	(5,756)
Charging:		
Cost of completed properties sold	**11,076,374**	9,077,946
Employee benefit expense (Note 30)	**490,995**	402,187
Amortisation of land use rights, software and customer contracts (Note 36)	**114,438**	146,872
Office expenses	**65,221**	119,040
Depreciation (Notes 7 and 36)	**198,712**	131,842
Business taxes and other levies	**1,095,581**	899,991
Auditors' remuneration	**6,977**	5,850
Operating lease payments	**9,219**	20,740
Provision for doubtful debts (Notes 17 and 36)	**13,437**	3,974
Advertising cost	**168,651**	142,440
Default payment for termination of land acquisitions	**240,000**	—
Others	**576,722**	531,936
	14,056,327	11,482,818
	14,043,964	11,477,062

(All amounts in RMB Yuan thousands unless otherwise stated)

30. Employee benefit expense

The employee benefit expense, including Directors' emoluments is as follows:

	2009	2008
Wages and salaries	**389,004**	317,989
Retirement scheme contributions	**34,266**	28,830
Other allowances and benefits	**67,725**	55,368
	490,995	402,187

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2009 is set out below:

Name of Director	**Salary**	**Other benefits (i)**	**Total**
Executive Directors			
Mr. Li Sze Lim	**2,665**	**169**	**2,834**
Mr. Zhang Li	**2,665**	**169**	**2,834**
Mr. Zhou Yaonan	**2,960**	**118**	**3,078**
Mr. Lu Jing	**2,260**	**137**	**2,397**
Non-executive Directors			
Ms. Zhang Lin	**349**	**—**	**349**
Ms. Li Helen	**349**	**—**	**349**
Independent non-executive Directors			
Mr. Huang Kaiwen	**317**	**—**	**317**
Mr. Dai Feng	**279**	**—**	**279**
Mr. Lai Ming, Joseph	**279**	**—**	**279**

The remuneration of every Director for the year ended 31 December 2008 is set out below:

Name of Director	Salary	Other benefits (i)	Total
Executive Directors			
Mr. Li Sze Lim	2,600	338	2,938
Mr. Zhang Li	2,600	338	2,938
Mr. Zhou Yaonan	2,640	—	2,640
Mr. Lu Jing	1,940	274	2,214
Non-executive Directors			
Ms. Zhang Lin	353	—	353
Ms. Li Helen	353	—	353
Independent non-executive Directors			
Mr. Huang Kaiwen	317	—	317
Mr. Dai Feng	282	—	282
Mr. Lai Ming, Joseph	282	—	282

30. Employee benefit expense *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2008: four) Directors whose emoluments are reflected in the analysis presented above. The emolument payable to the remaining one (2008: one) individual during the year is as follows:

	2009	2008
Salaries	**4,160**	3,840
Retirement scheme contributions and other benefits	**118**	236
	4,278	4,076

The emolument of the individual fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands		
RMB 4,000,001 to RMB 5,000,000	**1**	1

Notes:

(i) Other benefits mainly include welfare and transportation expenses.

(ii) No Directors of the Company waived or agreed to waive any remuneration for the year ended 31 December 2009 (2008: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above Directors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

31. Finance costs

	2009	2008
Interest on bank loans	**1,341,018**	1,578,600
Interest on corporate bonds (Note 24 (b))	**74,683**	—
Less: interest capitalised	**(910,367)**	(1,237,398)
	505,334	341,202

The average interest rate applied for capitalisation of funds borrowed and used for the development and sale of properties, investment properties and property, plant and equipment is 5.91% per annum for the year ended 31 December 2009 (2008: 6.81%).

(All amounts in RMB Yuan thousands unless otherwise stated)

32. Income tax expenses

	2009	2008 Restated
Current income tax		
– PRC enterprise income tax (Note (b))	**1,461,171**	919,764
Deferred income tax (Note 26)	**(345,252)**	218,696
	1,115,919	1,138,460
Current PRC land appreciation tax (Note (c))	**821,475**	793,443
Total income tax expenses (Note (d))	**1,937,394**	1,931,903

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2008: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

For the year ended 31 December 2009, the effective income tax rate for the profits generated from property construction was 2.5% (2008: 3%) based on the revenue throughout the period; the applicable income tax rate for the profits generated from other business was 25% (2008: 25%) based on taxable profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

32. Income tax expenses *(continued)*

(d) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2009	2008 Restated
Profit before income tax	**4,858,627**	5,070,112
Less: Land appreciation tax	**(821,475)**	(793,443)
	4,037,152	4,276,669
Calculated at tax rate of 25% (2008: 25%)	**1,009,288**	1,069,167
Effect of different income tax regime of certain companies	**7,167**	50,497
Development costs not deductible for taxation purposes	**88,250**	10,996
Others	**11,214**	7,800
PRC enterprise income tax	**1,115,919**	1,138,460
Land appreciation tax	**821,475**	793,443
Tax charge (Note 36)	**1,937,394**	1,931,903

(e) The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2009			2008		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax (charge)/ credit	After tax
Fair value gain/(loss) of available-for-sale financial assets	**42,097**	**(10,524)**	**31,573**	(112,000)	28,000	(84,000)
Fair value gain on available-for-sale financial assets released to consolidated income statement	**(89,622)**	**22,405**	**(67,217)**	—	—	—
	(47,525)	**11,881**	**(35,644)**	(112,000)	28,000	(84,000)

33. 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 RMB1,135,090,000 (2008 restated: RMB1,049,127,000).

34. Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008 Restated
Profit attributable to equity holders of the Company	**2,899,500**	3,119,499
Weighted average number of ordinary shares in issue (thousands)	**3,222,367**	3,222,367
Earnings per share (RMB per share)	**0.8998**	0.9681

There were no dilutive potential shares during the years presented above.

35. Dividend

	2009	2008
Proposed final dividend of RMB0.36 (2008: RMB0.28) per ordinary share	**1,160,052**	902,263

A 2008 final dividend of RMB0.28 per ordinary share, totaling RMB902,263,000 was paid in May 2009.

No interim dividend in respect of six months ended 30 June 2009 was proposed by the board of directors (six months ended 30 June 2008: Nil).

2009 final dividend of RMB0.36 (2008: RMB0.28) per ordinary share, amounting to a total dividend of RMB1,160,052,000 which is based on the number of shares as at 31 December 2009 is to be approved by the shareholders at the Annual General Meeting ("AGM") on 28 May 2010 which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2010. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

36. Cash used in operations

	2009	2008 Restated
Profit for the year	**2,921,233**	3,138,209
Adjustments for:		
– Tax (Note 32)	**1,937,394**	1,931,903
– Interest income	**(48,896)**	(29,514)
– Interest expense (Note 31)	**505,334**	341,202
– Depreciation (Notes 7 and 29)	**198,712**	131,842
– Gain on disposal of available-for-sale financial assets (Note 28)	**(140,653)**	—
– Gain on disposals of property, plant and equipment and land use rights (Note 28)	**(384,185)**	(39,870)
– Gain on disposal of investment properties (Note 28)	**(11,504)**	—
– Provision for doubtful debts (Notes 17 and 29)	**13,437**	3,974
– Reversal of provision for doubtful debts (Notes 17 and 29)	**(12,363)**	(5,756)
– Share of results of jointly controlled entities (Note 11)	**2,427**	479
– Share of results of associates (Note 12)	**(434)**	(7,812)
– Fair value gain on investment properties - net (Notes 8 and 28)	**(604,235)**	(1,473,016)
– Amortisation of land use rights, software and customer contracts (Note 29)	**114,438**	146,872
– Operating profit before changes in working capital	**4,490,705**	4,138,513
– Changes in working capital:		
– Land use rights, properties under development and completed properties held for sale	**(2,705,505)**	653,684
– Trade receivables	**309,371**	613,668
– Other receivables, deposits and prepayments	**1,045,600**	1,450,267
– Restricted cash	**(641,684)**	353,587
– Deposits received on sale of properties	**5,248,295**	(425,163)
– Accruals and other payables	**(350,381)**	(2,571,875)
– Business tax payable	**137,650**	168,988
Net cash generated from operations	**7,534,051**	4,381,669

(All amounts in RMB Yuan thousands unless otherwise stated)

36. Cash used in operations

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

	2009	2008
Net book amount of property, plant and equipment (Note 7)	**254,527**	66,772
Net book amount of land use rights (Note 6)	**62,714**	—
Gain on disposals of property, plant and equipment and land use rights (Note 28)	**384,185**	39,870
Receivables for disposal of property, plant and equipment and land use rights	**(131,913)**	—
Proceeds from disposal of property, plant and equipment and land use rights	**569,513**	106,642

In the statement of cash flows, proceeds from disposal of investment properties comprise:

	2009	2008
Net book amount (Note 8)	**22,771**	—
Gain on disposal of investment properties (Note 28)	**11,504**	—
Proceeds from disposal of investment properties	**34,275**	—

37. Financial guarantee contracts

The face values of the financial guarantees issued by the Group and the Company as at 31 December 2009 are analysed as below:

	Group		Company	
	2009	2008	**2009**	2008
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**12,189,315**	9,663,882	**3,231,611**	3,069,479
Guarantees given to banks for bank loans of subsidiaries (Note (b))	**—**	—	**3,952,450**	3,268,000
	12,189,315	9,663,882	**7,184,061**	6,337,479

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of 25 months upon the completion of guarantee registration; (ii) completion of mortgage registration and (iii) issuance of the real estate miscellaneous right certificate relating to the relevant property.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the real estate ownership certificate for the mortgagees. The Directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) It represents guarantees provided to subsidiaries of the Group to obtain bank loans. The Directors consider that the fair value of these contracts at the date of inception was minimal and understand the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

(All amounts in RMB Yuan thousands unless otherwise stated)

38. Commitments

(a) Expenditure commitments for properties under development

	2009	2008
Authorised but not contracted for	**8,669,380**	6,623,266
Contracted but not provided for	**11,784,199**	8,732,922
	20,453,579	15,356,188

(b) Operating lease commitments

At 31 December 2009, the Group had future aggregate minimum lease payments for land and buildings under non-cancellable operating leases as follows:

	2009	2008
Not later than one year	**3,018**	1,420
Later than one year and not later than five years	**4,408**	3,891
Over five years	**23,282**	25,053
	30,708	30,364

(c) Other commitments

The Group had commitments for investments in a number of PRC companies. Payment obligations of the Group were established when the other contracting parties have fulfilled their respective contractual obligations as specified in the contracts. The total commitments at 31 December 2009 were as follows:

	2009	2008
Contracted but not provided for	**5,202,000**	2,760,620

39. Future minimum rental payments receivable

At 31 December 2009, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	Group		Company	
	2009	2008	**2009**	2008
Not later than one year	**359,694**	348,874	**49,089**	45,256
Later than one year and not later than five years	**888,143**	1,035,335	**135,076**	112,279
Over five years	**811,120**	997,831	**49,734**	49,825
	2,058,957	2,382,040	**233,899**	207,360

40. Business combinations

On 30 September 2009, the Group acquired the entire equity interests in Guangdong Hengliang Construction Co., Ltd. ("Hengliang Construction") for an aggregate consideration of RMB20,000,000. This company is principally engaged in providing construction services to the Group. On 17 November 2009, Hengliang Construction is renamed to Guangdong Hengli Construction Co., Ltd. ("Hengli Construction").

Details of net assets acquired and goodwill are as follows:

Purchase consideration:	
– cash paid	20,000
– fair value of net identifiable assets acquired – shown as below	(1,145)
Goodwill (Note 9)	18,855

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the Group's acquisition of Hengli Construction.

(All amounts in RMB Yuan thousands unless otherwise stated)

40. Business combinations *(continued)*

The assets and liabilities as of 30 September 2009 arising from the acquisition were as follows:

	Acquiree's carrying amount	**Fair value**
Cash	53,577	53,577
Trade and other receivables	25,400	25,400
Inventories	78,296	78,296
Property, plant and equipment (Note 7)	321	321
Accruals and other payables	(155,947)	(155,947)
Current income tax liabilities	(502)	(502)
Net identifiable assets acquired	1,145	1,145
Inflow of cash to acquire business, net of cash acquired:		
– cash in subsidiary acquired		53,577
– cash consideration		(20,000)
Cash inflow on acquisition		33,577

The profit of Hengli Construction included in the Group's consolidated income statement for the period between the date of acquisition and the balance sheet date is RMB2,072,000.

If the acquisition had been completed on 1 January 2009, the revenue of Hengli Construction for the year would have been RMB237,330,000, and profit for the year would have been RMB3,235,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of Hengli Construction that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is it intended to be a projection of future results.

41. Significant related-party transactions

The Group is controlled by Li Sze Lim and Zhang Li (both are national of PRC), who owns 33.12% and 31.91% of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Provision of restaurant services

	2009	2008
Common shareholders:		
廣州富力宮酒家有限公司（「富力宮酒家」）	**7,626**	14,450

ii) Lease of properties

	2009	2008
Common shareholders:		
Central Hope Co.,Ltd.	**158**	214
Lancaster – Toprich Ltd.	**158**	214
	316	428

iii) Provision of lease of properties

	2009	2008
Common shareholders:		
廣州金貝殼投資有限公司（「廣州金貝殼」）	**612**	—

iv) Drinking water system charges

	2009	2008
Common shareholders:		
廣州越富環保科技有限公司（「越富環保」）	**12,557**	13,015

(All amounts in RMB Yuan thousands unless otherwise stated)

41. Significant related-party transactions *(continued)*

v) Key management compensation

	2009	2008
Salaries and welfare benefits	**15,668**	14,806

vi) Provision of property management services

	2009	2008
Associates:		
北京富盛利	**852**	852

vii) Purchases of property, plant and equipment

	2009	2008
Shareholders:		
Mr. Li Sze Lim and Mr. Zhang Li	**11,456**	—

viii) Purchases of construction materials

	2009	2008
Associates:		
超力混凝土	**78,689**	128,418

ix) Provision of design services

	2009	2008
Common shareholders:		
廣州金貝殼	**103**	—
中山實地房地產開發有限公司(「中山實地」)	**—**	250
	103	250

41. Significant related-party transactions *(continued)*

x) Provision of construction services

	2009	2008
Common shareholders:		
惠州市金鵝溫泉實業有限公司（「惠州金鵝溫泉」）	**—**	95,882
中山實地	**—**	42,425
	—	138,307
Jointly controlled entities:		
瀋陽億隆	**53,237**	121,250
廣州聖景	**121**	45
	53,358	121,295

xi) Sales of properties

	2009	2008
Shareholders:		
Mr. Li Sze Lim and Mr. Zhang Li	**—**	184,245

xii) Financial assistance

	2009	2008
Shareholders:		
Mr. Li Sze Lim and Mr. Zhang Li		
Beginning of the year	**—**	—
Loans received	**—**	200,000
Repayments	**—**	(200,000)
End of the year	**—**	—

xiii) Interest expense

	2009	2008
Shareholders:		
Mr. Li Sze Lim and Mr. Zhang Li	**—**	5,621

(All amounts in RMB Yuan thousands unless otherwise stated)

41. Significant related-party transactions *(continued)*

xiv) Balances with related parties

As at 31 December 2009, the Group had the following significant balances with related parties:

	2009	2008
Due from:		
Jointly controlled entities		
– Non-trade balances		
Maxview (Note (a))	**—**	169,332
Value Success (Note (b))	**92,133**	92,167
廣州富景 (Note (a))	**703,125**	426,416
富力（瀋陽）	**20,000**	—
瀋陽億隆		
– consideration receivable (Note (c))	**141,500**	141,500
– prepayments of construction costs (Note (d))	**155,930**	113,389
	297,430	254,889
廣州聖景 (Note (d)	**109,562**	—
	1,222,250	942,804
– Trade balances		
廣州聖景 (Note (e))	**236**	—
瀋陽億隆 (Note (e))	**41,608**	19,679
	41,844	19,679
Associate		
–Non-trade balance		
北京富盛利	**1,402**	54,181
Common shareholders		
– Trade balances		
惠州金鵝溫泉 (Note (e))	**—**	127,898
中山實地 (Note (e))	**—**	51,089
富力宮酒家	**—**	2,803
	—	181,790
– Non-trade balance		
廣州富力超市有限公司	**—**	118
	1,265,496	1,198,572

41. Significant related-party transactions *(continued)*

xiv) Balances with related parties *(continued)*

	2009	2008
Due to:		
Jointly controlled entities		
– Non-trade balances		
Maxview	**16,682**	—
富力（瀋陽）	**—**	11,915
	16,682	11,915
Due to:		
Associates		
– Non-trade balances		
超力混凝土	**4,200**	—
溢富投資	**—**	2,520
富力誠信	**5**	5
	4,205	2,525
– Trade balance		
超力混凝土 (Note (f))	**36,647**	51,353
	40,852	53,878
Common shareholders		
– Non-trade balances		
越富環保	**—**	8,972
廣東華南環保投資有限公司	**—**	16,000
宜富房地產	**—**	265
	—	25,237
	57,534	91,030

41. Significant related-party transactions *(continued)*

xiv) Balances with related parties *(continued)*

(a) It represents prepayments for purchases of land use rights on behalf of the Group's jointly controlled entities.

(b) It represents borrowings to the jointly controlled entity in proportion to the controlling interest pursuant to the joint venture agreement.

(c) It represents the consideration receivable for disposal of certain equity interests in the jointly controlled entity in 2007.

(d) It represents construction costs paid by the Group on behalf of the jointly controlled entity.

(e) It represents receivables relating to construction services provided by the Group which will be settled in various construction stages.

(f) It represents payables relating to purchases of construction materials by the Group, of which monthly settlements are made based on contract terms.

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms, except for the balance with shareholders which is subject to annual benchmark lending rate and is repayable on demand. The trade balances with related parties are interest free, unsecured and settled according to contract terms.

	Maximum amount outstanding for the year	
	2009	2008
Due to:		
Mr. Li Sze Lim and Mr. Zhang Li	—	200,000

(All amounts in RMB Yuan thousands)

Reconciliation of consolidated financial statements

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2009 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit attributable to equity holders of the Company for the year ended 31 December		Capital and reserves attributable to the equity holders as at 31 December	
	2009	2008 Restated	**2009**	2008 Restated
As stated in accordance with CAS	**2,837,945**	3,245,716	**17,007,540**	15,107,502
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(20,697)**	(32,540)	**80,054**	100,751
2. Amortisation of customer contracts	**(97,364)**	(135,639)	**(305,379)**	(208,015)
3. Fair value of investment properties under construction	**235,294**	—	**235,294**	—
4. Deferred taxation	**(30,590)**	41,962	**(78,779)**	(48,189)
5. Minority interests	**(25,088)**	—	**(25,088)**	—
As stated in accordance with HKFRS	**2,899,500**	3,119,499	**16,913,642**	14,952,049

Notes

1. The Group adopted SSAP 27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005 effective upon issue. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when minority interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. The Group acquired the entire equity interests in Guangzhou Tianli Construction Co., Ltd. on 5 June 2007 and recognised an intangible asset for the customer contracts on hand upon acquisition, as an identifiable asset distinguished from goodwill.

   Customer contracts have a finite useful life and are carried at deemed cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

3. Effective from 1 January 2009, the Group applied HKAS 40 (Amendment) 'Investment property' for property that is under construction or development for future use as investment property. The fair value of investment properties under construction is accounted for in 'other gains – net'.

4. It refers to the effects of deferred tax arising from the above adjustments.

5. It mainly refers to the effects of minority interests arising from fair value gain of investment properties under construction.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

Consolidated Balance Sheet (as at 31 December)

	2009	2008 Restated	2007 Restated	2006 Restated	2005 Restated
Non-current assets	**17,638,060**	13,684,690	12,361,505	2,799,570	1,210,019
Current assets	**48,705,957**	41,362,335	41,928,669	23,833,233	16,083,418
Total assets	**66,344,017**	55,047,025	54,290,174	26,632,803	17,293,437
Non-current liabilities	**19,249,643**	12,767,411	14,243,928	4,987,258	2,253,933
Current liabilities	**30,075,008**	27,234,516	27,252,083	13,086,001	9,713,951
Total liabilities	**49,324,651**	40,001,927	41,496,011	18,073,259	11,967,884
Total equity	**17,019,366**	15,045,098	12,794,163	8,559,544	5,325,553

Consolidated Income Statement (year ended 31 December)

	2009	2008 Restated	2007 Restated	2006 Restated	2005 Restated
Turnover	**18,196,463**	15,360,151	14,771,919	10,186,765	5,855,764
Cost of sales	**(12,446,844)**	(10,201,681)	(9,148,146)	(6,490,854)	(4,239,296)
Gross profit	**5,749,619**	5,158,470	5,623,773	3,695,911	1,616,468
Other gains	**883,230**	1,520,892	3,385,097	381,969	195,261
Selling and administrative expenses	**(1,349,132)**	(1,306,133)	(671,306)	(430,620)	(360,486)
Other operating income/(expenses)	**82,237**	30,752	(43,227)	(15,636)	(22,266)
Operating profit	**5,365,954**	5,403,981	8,294,337	3,631,624	1,428,977
Finance costs	**(505,334)**	(341,202)	(102,929)	(49,741)	(39,467)
Share of results of jointly controlled entities	**434**	(479)	(52)	—	309,073
Share of results of associates	**(2,427)**	7,812	(3,866)	—	—
Profit before income tax	**4,858,627**	5,070,112	8,187,490	3,581,883	1,698,583
Income tax expense	**(1,937,394)**	(1,931,903)	(2,810,012)	(1,421,396)	(421,485)
Profit for the year	**2,921,233**	3,138,209	5,377,478	2,160,487	1,277,098
Attributable to:					
Equity holders of the Company	**2,899,500**	3,119,499	5,365,025	2,150,419	1,275,192
Minority interest	**21,733**	18,710	12,453	10,068	1,906

PROPERTY LIST

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under-development)							
Guangzhou							
R&F Jin Gang City (excluding Holiday Inn Airport Hotel Guangzhou)	100%	Modern Avenue, Huadu Town, Huadu District	Residential, Industrial & Storage	1,119,211	1,491,229	1,376,078	Pending
R&F Junhu Palace	100%	Shou Yue West, Liu Hua Road, Liwan District	Residential	38,358	146,459	146,459	2011
R&F Golden Jubilee Garden	100%	No.2, Bao Gang Avenue, Haizhu District	Residential & Commerical	13,352	164,522	164,522	2010
R&F Ying Zun Plaza	100%	Zone M, Pearl River New Town, Tianhe District	Apartment & Commerical	13,182	169,611	169,611	2011
R&F Ying Cheng Plaza	100%	Zone M, Pearl River New Town, Tianhe District	Apartment & Commerical	11,523	107,235	107,235	2011
R&F Ying Xin Plaza	100%	Zone B, Pearl River New Town, Tianhe District	Office	7,880	121,499	121,499	2011
R&F Spring World	100%	Hot Spring Village, Hot Spring Town, Conghua City	Residential	808,018	520,000	520,000	Pending
Huizhou							
R&F Li Gang Center (excluding Renaissance Huizhou Hotel)	100%	No.11-12 Area, Yanjiang Economic Circle, Jiang Bei Xin District	Residential, Commerical & Office	32,936	238,188	182,702	2010
Hainan							
R&F Bay Shore	100%	Zone B, Xiang Shui Bay, Lingshui Town, Sanya	Residential, Commerical & Hotel	1,242,062	342,612	281,046	2015
R&F Yingxi Valley	100%	Na Jia Po, Xiuying District, West Coast, Haikou	Residential	453,000	171,000	171,000	2012

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Chongqing							
R&F Ocean Plaza (excluding Hyatt Regency Chongqing)	100%	Yang He New Area, (the former Yang He Reservoir), Guan Yin Qiao Street, Jiangbei District	Residential & Commerical	39,078	227,036	61,181	Pending
Chongqing R&F City (excluding Holiday Inn @ University City Chongqing)	100%	Xi Yong Unit, Sha Ping Ba District	Residential & Commerical	1,981,995	6,727,351	6,599,388	Pending
Chengdu							
R&F Panda City Phase I (excluding R&F Tianhui Mall)	100%	Shun Cheng Street, Qingyang District	Residential & Commerical	29,472	62,132	62,132	2010
R&F Panda City Phase II (excluding Ritz-Carlton Chengdu)	100%	Shun Cheng Street, Qingyang District	Residential & Commerical	16,177	252,048	252,048	2012
R&F Peach Garden	100%	North of Zhen Hai Du Road West, Xin Du Town	Residential	186,650	1,081,774	1,081,774	2016
Kunshan							
R&F Bay Shore Phase I	100%	West of Wan Yuan Road, Dian Shan Lake Town, Kunshan	Residential	921,333	402,138	364,310	2013
Shanghai							
R&F Peach Garden	100%	Qing Pu District (Land Pot No.6 of the Tender Book 2003)	Residential	231,983	291,933	245,135	2012
Beijing							
Beijing R&F City (excluding R&F Plaza, Renaissance Beijing Capital Hotel)	100%	North of Guang Qu Men Wai Street, Chaoyang District	Residential, Commerical & Office	350,728	1,187,264	5,161	2010
R&F Xinran Court/Plaza (excluding Express by Holiday Inn Temple of Heaven Beijing)	100%	Residential Area, No.35 Court, Nan Wei Road, Xuanwu District	Residential, Commerical & Office	51,009	238,573	8,199	2011
R&F Festival City	100%	North of Da Lu Dian, Douge Village, Chaoyang District	Residential, Commercial & Storage	341,249	1,123,616	443,088	2012
R&F Bay Shore	100%	Ma Po Town, Shunyi District	Residential & Commercial	226,805	158,000	112,088	2011
R&F Peach Garden	100%	Zone East III, High Building Material City, Xi San Qi, De Sheng Men Wai, Shunyi District	Residential & Commercial	125,750	351,968	167,838	2010

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
R&F Danish Town	100%	Jin Nan Green and Ecology Community, West of Development Zone, Pang Ge Village, Daxing District	Residential, Commercial & Storage	607,333	535,130	535,130	2012
R&F American Dream Island	100%	Changying Town, Chaoyang Dsitrict	Residential & Commercial	87,170	264,211	264,211	2011
Tianjin							
Tianjin R&F City (excluding Commercial Complex)	100%	South of Bei Ma Road, West of Dong Ma Road, Nankai District	Residential & Commercial	180,692	760,902	159,902	2011
R&F Bay Shore	100%	Wang Chun Village, Zhong Bei Town, Xiqing District	Residential	101,355	334,286	226,520	2011
R&F Peach Garden	100%	North of Li Shuang Road, West of Wei Shan Road, Shuang Gang Town, Jinnan District	Residential & Commercial	166,400	620,320	570,314	2012
R&F Jinmen Lake	100%	West of You Yi Nan Road, Hexi District	Residential	930,932	1,574,698	1,268,147	2015
R&F Center	100%	East of Nan Chang Road, Hexi District	Commerical & Office	9,588	180,217	180,217	2013
Xian							
Xian R&F City (excluding R&F Holiday Inn Xian)	100%	South of North Ring Road, Chang'an Road	Residential, Commerical & Office	381,814	938,034	629,435	2014
Taiyuan							
Taiyuan R&F City	100%	No.3, Jin An East Street, Xin Hua Ling District	Residential & Commerical	1,056,200	2,112,400	2,050,207	2016
R&F Modern Plaza	100%	North of Dong Er Xiang, Yi Jing Xi Road, West of He Ping Nan Road, Xiaodian District	Residential	87,022	301,840	301,840	2012
Shenyang							
Xian Hu Project	66.67%	Huang Shan Village, Tao Xian Town, Dongling District	Residential	373,406	200,015	133,350	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under planning)							
Guangzhou							
R&F International Commercial Center	100%	Zone J, Pearl River New Town, Tianhe District	Commerical & Office	7,918	155,244	155,244	Pending
Lie De Project	33.34%	Lie De Village, Lie De Road, Tianhe District	Apartment, Commerical & Office	114,176	568,230	189,448	Pending
R&F Jinyu Garden	100%	Zone F, Jin Sha Zhou, Baiyun District	Residential	101,355	218,608	218,608	Pending
Xiwan Road Project	100%	North of Xi Wan Road, Liwan District	Residential	71,554	93,416	93,416	Pending
Haizhu Cheng Project	100%	Southwest of the Interchange of Jiang Nan Xi Road and Jiang Nan Avenue, Haizhu District	Commerical & Office	18,816	145,395	145,395	Pending
Pearl River New Town B1-3 Project	100%	East of Hua Xia Road, Tianhe District (B1-3, Pearl River New Town)	Office	7,008	91,503	91,503	Pending
Huadu Huawei Co. Project	100%	Modern Avenue, Hua Du District	Industrial & Storage	142,571	187,299	187,299	Pending
Asian Games City Project	34%	Asia Game City, Panyu District	Residential & Commerical	2,639,520	4,380,000	1,489,200	Pending
Huizhou							
Longmen Project	100%	Ma Qiao Re Shui Village, Yong Han Town, Longmen	Residential & Commerical	67,809	66,005	66,005	2011
Hainan							
R&F Mangrove Bay	100%	San Lin Exit, Huan Dao West Line High-way, Chengmai Town	Residential & Commerical	4,352,042	657,158	657,158	2018
Chongqing							
R&F Nanshan Villa	100%	No.99, Nan Shan Street, Nan'an District	Residential & Commerical	79,583	31,540	31,540	2011
Kushan							
R&F Bay Shore Phase II	100%	West of Wan Yuan Road, Dian Shan Lake Town, Kunshan	Residential	142,390	34,946	34,946	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Beijing							
No. 10 Beijing R&F	100%	No.10, Guang Qu Men Wai, Chaoyang District	Residential	32,300	72,500	72,500	2012
Tianjin							
R&F Guangdong Building	100%	South of Tuo Chang Road, West of Bin He Xi Road, Tanggu District	Office	23,070	338,654	338,654	Pending
Taiyuan							
R&F Peach Garden	100%	No.5, Jin An Dong Street, Xin Hua Ling District	Residential	195,827	332,924	332,924	Pending
Properties for investment (completed)							
Guangzhou							
R&F Cambridge Terrace Shopping Mall	100%	Dong Guan Zhuang Road, Tianhe District	Commerical	—	42,993	42,993	N/A
R&F West Garden Shopping Mall	100%	Huan Shi Xi Road, Liwan District	Commercial	—	3,570	3,570	N/A
R&F King's Court (Commerical)	100%	Xiao Mei Street, Liwan District	Office	—	9,184	9,184	N/A
R&F Square (North Court) Shopping Mall	100%	Zhong Shan Eighth Road, Liwan District	Commercial	—	8,455	8,455	N/A
R&F Children World	100%	Zhong Shan Eighth Road, Liwan District	Commercial	—	16,307	16,307	N/A
R&F Square Shopping Mall (Zone B)	100%	Zhong Shan Eighth Road, Liwan District	Commercial	—	2,213	2,213	N/A
R&F Modern Plaza - Jiaxin Commerical Center	100%	Ge Xin Road, Haizhu District	Commercial	—	29,000	29,000	N/A
R&F Center	100%	Zone J, Pearl River New Town, Tianhe District	Office	8,117	162,605	162,605	N/A
Grand Hyatt Guangzhou	100%	Zone F, Pearl River New Town, Tianhe District	Hotel	10,291	114,498	85,596	N/A
The Ritz-Carlton, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	6,895	104,322	104,322	N/A
Beijing							
R&F Square, Renaissance Beijing Capital Hotel	100%	North of Guang Qu Men Wai Street, Chaoyang District	Office & Hotel	43,703	290,397	290,397	N/A
Beijing R&F City Shopping Mall	100%	North of Guang Qu Men Wai Street, Chaoyang District	Commerical	—	29,736	29,736	N/A
Express by Holiday Inn Temple of Heaven Beijing	100%	No.35 Court, Nan Wei Road, Xuanwu District	Hotel	6,190	22,302	22,302	N/A
Chongqing							
R&F Ocean Plaza (Commercial)	100%	Yang He New Area, Guan Ying Qiao Street, Jiangbei District	Commercial	—	72,675	72,675	N/A

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for investment (under-development)							
Guangzhou							
R&F Ying Kai Plaza (including Park Hyatt Hotel)	87.1%	Zone J, Pearl River New Town, Tianhe District	Hotel, Apartment & Office	7,944	175,004	152,428	2013
Tianjin							
Tianjin R&F City Commercial Complex	100%	South of Bei Ma Road, West of Dong Ma Road, Nankai District	Commerical	23,000	166,638	166,638	Pending
Chongqing							
Hyatt Regency Chongqing	100%	Yang He New Area, Guan Yin Qiao Street, Jiangbei District	Hotel	16,137	46,439	46,439	Pending
Huizhou							
Renaissance Huizhou Hotel	100%	Yan Jiang Economic Circle, Jiang Bei New District	Hotel	15,000	67,126	67,126	2011
Chengdu							
R&F Panda City Tianhui Mall	100%	Shun Cheng Street, Qingyang District	Commercial	—	254,626	254,626	2011
Ritz-Carlton Chengdu	100%	Shun Cheng Street, Qingyang District	Hotel	—	59,171	59,171	2012
Properties for investment (under planning)							
Guangzhou							
Holiday Inn Airport Hotel Guangzhou	100%	Modern Avenue, Huadu Town, Huadu District	Hotel	4,405	34,215	34,215	Pending
Chongqing							
Holiday Inn @ University City Chongqing	100%	Xi Yong Unit, Sha Ping Ba District	Hotel	30,893	67,612	67,612	Pending
Xian							
R&F Holiday Inn Xian	100%	South of North Ring Road, Chang'an Road	Hotel	6,880	50,000	50,000	2014

CORPORATE INFORMATION

Executive Directors	Li Sze Lim, Zhang Li, Zhou Yaonan, Lu Jing
Non-executive Directors	Zhang Lin, Li Helen
Independent Non-executive Directors	Huang Kaiwen, Dai Feng, Lai Ming Joseph
Supervisors	Feng Xiangyang, Liang Yingmei, Zheng Ercheng
Authorized Representatives	Li Sze Lim, Chow Oi Wah, Fergus
Company Secretary	Chow Oi Wah, Fergus
Registered Office in the PRC	45-54/F, R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road, East, Wanchai, Hong Kong
Principal Bankers	Industrial and Commercial Bank of China Bank of China China Construction Bank China Merchant Bank China Minsheng Banking Corp. Ltd.
Website	www.rfchina.com

Shareholders' Calendar

Interim results announcement	20 August 2009
Interim dividend paid	N/A
Final results announcement	24 March 2010
Closure of register of members	29 April 2010 to 28 May 2010 (both days inclusive)
Annual general meeting	28 May 2010
Final dividend payable date	To be announced

Listing Information

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size

400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31

* 4-for-1 share sub-division adjusted

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廣州富力地產股份有限公司
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* for identification purpose only