GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

2012 INTERIM REPORT

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	Chen Liangnuan Liang Yingmei Zheng Ercheng
Authorized Representatives	Li Sze Lim Chow Oi Wah, Fergus
Company Secretary	Chow Oi Wah, Fergus
Registered Office in the PRC	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
Auditors	PricewaterhouseCoopers 22/F., Prince's Building Central Hong Kong

Legal Advisor	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
Website	www.rfchina.com

CONTENTS

RESULTS

For the six months ended 30 June 2012, profit attributable to owners of the Company decreased 35% compared with the corresponding period last year, to RMB1.30 billion. This was achieved on a total turnover of RMB8.44 billion, a decrease of 23%. Turnover from property development, which accounted for 87% of total turnover, decreased by 27%. In the period, a total of 530,000 sq. m. of completed properties were delivered, as compared to 724,000 sq. m. in the prior period. The delivery in the period represents approximately 22% of the estimated full year completion of 2.44 million sq. m., a target we have complete confidence in achieving. Delivery in the period was in fact quite typical as a proportion of the planned full year delivery, and more floor area was delivered than in most previous first half. The Group's other key business segments, hotel operations and property investment, achieved better turnover than in the same period last year despite very keen competition; hotel revenue increased by 6% and achieved EBITDA of RMB57.2 million. The directors have resolved to declare an interim dividend of RMB0.10 per share.

	Unaudited six months ended 30 June 2012 (RMB'000)	Unaudited six months ended 30 June 2011 (RMB'000)	Percentage changes
Turnover	**8,440,258**	10,982,442	-23%
Profit for the half-year attributable to owners of the Company	**1,302,274**	2,005,840	-35%
Basic earnings per share (in RMB)	**0.4077**	0.6225	-35%
Dividend per share (in RMB)	**0.10**	0.20	-50%

BUSINESS REVIEW

The first six months of 2012 have been relatively quiet on the regulatory front, and no new austerity control measures of major significance have been introduced. In fact, economic risks have replaced policy risks as the primary concerns affecting market sentiment. While the government's broad policy direction is likely to remain unchanged, expectations are that as the property market moves in the desired direction, it is likely to be relaxed to an extent. Confirming this view is the fact that the People's Bank of China has twice cut the lending rate in the last three months, while urging financial institutions to adhere strictly to the prevailing policies on residential mortgages. By contrast, the economic outlook is much more uncertain, particularly due to the European debt crisis for which no effective solution has yet been achieved. The far-reaching consequences of the crisis have gone well beyond Europe to impact on the world as a whole, and China will not be an exception. Indeed, the softening impact of the crisis on the Chinese economy is already evident in export statistics, and in the country's lower targeted GDP growth rate compared to targets in recent years.

Within this macro environment, conditions in the property market have not changed much in the first half of the year. The market has essentially remained stable, with a few positive signs of development. Now that regulatory measures have suppressed property purchases for investment purposes, the China property market is largely being driven by rigid demand, with the fastest-growing segment being small- to medium-sized units in the low to middle price range. The contraction in both selling prices and transaction volumes has persisted, but has gradually since the first quarter of 2012 become less broad in extent. Although the uncertain economic outlook has created a 'wait-and-see' mentality among potential property purchasers, the cumulative downward price adjustment has triggered the partial release of pent-up rigid demand, creating a rise in transaction volumes. Developers generally have been reducing inventory by adopting more aggressive sales tactics, but the industry's inventory level as a whole remains at a high level. This is likely to be a main contributing factor behind the steady decrease in the growth rate of new construction in the period.

The Group's contracted sales target for the year is RMB32 billion. This target represents an approximately 12% increase over contracted sales for 2011, and takes into account both latest market conditions and the Group's sales launch schedule. The target has been set at a level that will allow for sustainable activity on a scale contributing best to the Group's stable, long term growth. In the first half of 2012, the Group's contracted sales amounted to RMB14.6 billion, which was 9% more than the figure for the same period in 2011. This was also approximately 46% of the full year target, better than most previous percentages recorded at mid-year. Such a satisfactory sales performance in a tough market once again confirmed the effectiveness of the strategies adopted by the Group, and its overall competitive strength. The key cities of Beijing, Guangzhou and Tianjin all achieved contracted sales on a par with those of 2011, despite strict enforcement of home purchase restrictions there. These stable contracted sales underscored the benefits for the Group of maintaining an appropriate portion of its development in for-sale commercial properties and serviced apartments. Contracted sales of commercial properties and serviced apartments mainly consisted of sales of Guangzhou's Yingkai Plaza, Tianjin's R&F Center and Tianjin R&F Peach Garden during the period. These made up approximately 20% of the total contracted sales for the three cities. Of the other cities where the Group operates, most achieved a healthy increase in contracted sales apart from Hainan, Chengdu and Shenyang. The tilt toward smaller size units catering to rigid demand has given firm support to sales, as could be seen from the notable increase in sales in Chongqing and Taiyuan of 95% and 73% respectively. The key sales projects in these cities were Chongqing R&F City and Taiyuan R&F City, both especially favored by purchasers of the rigid demand type. In Nanjing, where the Group only commenced its first sales in the second half of 2011, momentum for contracted sales from the mixed residential and office project Nanjing R&F City carried on into the current period and contributed to total sales. This good market response contrasted with relatively sluggish demand for villa or leisure type products, as reflected in the weaker sales from Hainan and Shenyang.

The Group has always devoted considerable resources to land bank acquisition, in terms of attention from top management, manpower and physical resources, and it is constantly scouring the landscape for suitable new land. At the same time, the Group has adopted stringent criteria for land acquisition. Currently, this requires that any land acquired must not only be optimally located and of substantial development potential, but must also be a good 'fit' within the Group's overall business plan, and come with favorable payment terms for the land premium. This policy makes for an extremely selective approach to land acquisition, and consequently, apart from additional area of 726,000 sq. m. at Beijing's Xianghe site, the Group added no new land for property development to its holdings in the first half of the year. However, this short hiatus will not in any way impede the necessary replenishment of land on a long-term basis. With a quality land bank of 28 million sq. m. of attributable GFA spread over 14 cities, the Group has adequate land available for development and a relatively modest outstanding land premium of RMB5.4 billion.

The Group further enhanced its portfolio of choice investment properties with the opening of the Huizhou Renaissance Hotel in April of this year. This 342-room five star hotel occupies the top 21 floors of the Huizhou Ligang Center, a landmark development by the Group in the city of a grade A office building. This is the Group's 5th hotel; it has the same qualities of capacity for income-generation and potential for long-term capital appreciation as the other assets in the Group's portfolio, which include office buildings and shopping malls as well as hotels. The Group's office buildings and shopping malls, specifically the R&F Center and R&F Plaza in Beijing, the R&F Center in Guangzhou and the Tianhui Mall in Chengdu, all benefited from the steady maturing of the localities where they are situated along with continuous improvement in property management and operations. The resultant appreciation in the properties' capital values vindicates the Group's strategy of maintaining an appropriate portion of its assets in investment properties.

On the liquidity and financing front, the Group maintained a healthy cash flow in the period from satisfactory property sales and cash collection. Liquidity was further assured not only by our efficient treasury function, which maintains excellent relationships with banks for procuring bank financing, but also by moves to open new channels for other forms of financing. A good example of the latter was a trust scheme the Group entered into with Ping An Trust Co. Ltd.; it was completed in April and raised a total of RMB3.2 billion. This method of financing afforded the Group more flexibility in the use of proceeds, at a reasonable cost. Due to the domestic corporate bonds issued by the Group in 2009 becoming puttable by bondholders in October 2012, this year the total amount of debts to be repaid may be higher than normal. With conservative cash management and careful advance preparation, the repayment obligations for the year will not place excessive stress on cash flow or liquidity.

PROSPECTS

For a good while now, we have repeatedly restated our conviction that the Chinese property market has great potential for future growth. Massive urbanization is still in progress, and the average household income of the general population is continuing to increase. Nothing in the past six months has occurred to change our views, either within the regulatory environment or in the general economy. Through consistent execution of our strategies, we are confident of achieving our target contracted sales of RMB32 billion for the year, while at the same time laying a solid foundation for growth in the years to come. We will continue to apply our proven strategies, so successfully carried out in the period, as we go forward. In essence, this involves three key actions. First, the Group will step up its sales efforts in all the cities where it operates to boost sales and reduce inventory. Second, it will approach new developments with caution, conducting extensive feasibility assessments of every parcel of land it acquires. Third, it will be flexible in adjusting the GFA under construction in direct response to sales performance. These represent our broad directions; at the same time, we will work on further enhancing our service standards, and pay strict attention to product quality and efficiency, for instance by standardizing our product lines. Our effective cost control strategies have always represented a key edge for the Group; we aim to further improve these, and plan to devote significant resources to upgrading our internal operating system in ways that will further enhance our competitiveness.

ACKNOWLEDGEMENT

Taking this opportunity, I would like to thank the Company's shareholders, investors, business associates and customers for their confidence and valuable supports as well as our fellow directors and staff for their many contributions to our success.

Li Sze Lim
Chairman
16 August 2012, Hong Kong

OPERATION REVIEW

PROPERTY DEVELOPMENT

The Group's property projects span 14 cities across China. During the period, the Group made continuous progress in completing sale properties, recorded satisfactory contracted sales equivalent to 46% of the full year target and maintained a scale of development that will ensure a sufficient project pipeline.

Completion of Sale Properties

Completion in the period of 478,000 sq. m. represented approximately 18% of the Group's expected completion for 2012 of 2,662,000 sq. m. in saleable area, as compared to 26% for the same period in 2011. Expected completion in the second half of 2012 is approximately 2,184,000 sq. m. as shown in the following table:

Area	2012 1st Half		2012 2nd Half	
	Approx. Total GFA (sq. m.)	Approx. Saleable Area (sq. m.)	Approx. Total GFA (sq. m.)	Approx. Saleable Area (sq. m.)
Southern China	244,000	241,000	563,000	448,000
Western China	122,000	95,000	668,000	520,000
Eastern China	77,000	73,000	299,000	241,000
Northern China	75,000	69,000	1,120,000	975,000
Total	518,000	478,000	2,650,000	2,184,000

Contracted Sales

The Group registered contracted sales of RMB14.65 billion and equivalent to 1,200,000 sq. m. in GFA during the six months ended 30 June 2012 distributed in 12 cities as follow:

Location	Approximate GFA sold (sq. m.)	Approximate value (RMB million)
Guangzhou	221,000	3,999
Huizhou	47,000	441
Hainan	25,000	426
Chongqing	176,000	936
Chengdu	38,000	548
Shanghai (including Kunshan)	66,000	795
Beijing	193,000	3,157
Tianjin	172,000	2,278
Xian	85,000	657
Taiyuan	126,000	880
Shenyang	5,000	51
Nanjing	46,000	477
Total	1,200,000	14,645

Sale Properties Under Development

Sale properties under development amounted to approximately 8,319,000 sq. m. GFA at the end of 30 June 2012 details of which are set out below:

Location	Number of Project	Approximate GFA (sq. m.)	Approximate saleable area (sq. m.)
Guangzhou	11	1,909,000	1,146,000
Huizhou	2	375,000	287,000
Hainan	3	373,000	248,000
Chongqing	1	792,000	709,000
Chengdu	2	267,000	178,000
Shanghai (including Kunshan)	2	134,000	116,000
Beijing (including Xianghe)	6	768,000	586,000
Tianjin	6	1,548,000	897,000
Xian	1	365,000	340,000
Taiyuan	4	1,201,000	860,000
Shenyang	1	38,000	38,000
Nanjing	1	314,000	236,000
Datong	1	96,000	88,000
Harbin	1	139,000	121,000
Total	42	8,319,000	5,850,000

PROPERTY INVESTMENT

The major properties in the Group's investment properties portfolio include Guangzhou R&F Center, Beijing R&F Center, Beijing R&F Plaza and the Chengdu Tianhui Mall at Chengdu Panda City. The combined office and retail space of these properties as at 30 June 2012 exceeded 400,000 sq. m.

The investment property portfolio of the Group also included logistic and storage facilities.

HOTEL OPERATION

The Group currently operates five hotels, two in Beijing (the Renaissance Beijing Capital Hotel and the Express by Holiday Inn Temple of Heaven Beijing), two in Guangzhou (The Ritz-Carlton, Guangzhou and Grand Hyatt Guangzhou) and the latest one in Huizhou (Renaissance Huizhou Hotel) opened in April 2012. The Group's sixth hotel, Hyatt Regency Chongqing, is expected to be opened in late August 2012.

LAND BANK

The following piece of land was bought during the period:

Location	Site Area (sq. m.)	GFA (sq. m.)	Total Land Cost (RMB million)	Average Land Cost (RMB/sq. m.)
Hebei Xianghe Project	319,900	726,000	360	495
Total	319,900	726,000		

As at 30 June 2012, the Group was in possession of the following land bank:

Area	Approximate GFA (sq. m.)	Approximate saleable area (sq. m.)
Southern China	9,709,000	9,426,000
Western China	6,652,000	6,322,000
Eastern China	1,170,000	1,107,000
Northern China	10,071,000	9,348,000
Investment Properties	712,000	712,000
Total	28,314,000	26,915,000

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2012 decreased to RMB1.30 billion, from RMB2.00 billion in the corresponding period of the previous year. The decreased profit mainly reflected the fact that the Group's core property development business delivered fewer properties in the period. Profit from property development accounted for 72% of the Group's total net profit, and amounted to RMB931.9 million. Compared to the previous period, net profit from this segment decreased by 54%. As for hotel operations, there were further improvements in revenue at the Group's hotels, and the hotel operation recorded operating loss of RMB8.8 million. Profit from property investment, including fair value gains (net of tax) of RMB430.8 million, increased by RMB523.0 million to RMB533.7 million.

The following comments on the components of the income statement, with the exception of #6 (on financing costs) and #9 (on net profits), relate only to property development:

1. Turnover decreased by 27% to RMB7.37 billion, from RMB10.07 billion in the same period in 2011. The Group completed and delivered properties in 10 cities in the six months ended 30 June 2012. The amount of saleable area sold decreased by a similar figure of 27%, to 529,900 sq. m. from 723,600 sq. m., while the overall average selling price stayed unchanged at RMB13,900 per sq. m. However, this stable overall average selling price came from a varied sales mix. Guangzhou and Tianjin remained the cities with the highest turnover and, together with Shanghai, accounted for 80% of the total. Shanghai has taken the position of Beijing, which along with Guangzhou and Tianjin made up 77% of the last period's total turnover. Turnover from Guangzhou amounted to RMB3.43 billion (1H 2011: RMB4.43 billion), or 47% (1H 2011: 44%) of the total. The commercial properties project in the Pearl River New Town, R&F Yingzun Plaza and R&F Yingsheng Plaza, with a combined turnover of RMB1.54 billion, made up 45% of Guangzhou's total, as compared to 77% in the prior period. This lower proportion mainly caused a fall in the overall average selling price in Guangzhou to RMB16,300 per sq. m. from RMB21,500 per sq. m., despite the fact that the selling price of these two projects further increased by more than 17% to approximately RMB30,800 per sq. m. The other approximately 52% of turnover from Guangzhou came mainly from three residential projects, R&F Junhu Palace, R&F Jingang City and R&F Hot Spring Village, with turnover of RMB904 million, RMB490 million and RMB384 million respectively. R&F Junhu Palace is a development in the old city district of Guangzhou and commanded a selling price of RMB27,700 per sq. m., with first-time delivery made in the period. Because completion of properties was almost entirely concentrated in the second half of the year and deliveries in the period under review were mainly from inventory, turnover in Beijing decreased significantly to RMB509 million (1H 2011: RMB1.95 billion) and accounted for only 7% (1H 2011: 19%) of the Group's total turnover. This turnover came mainly from four projects, two less than in the prior period (i.e. R&F Bay Shore and R&F American Dream Island, which previously contributed RMB538 million in turnover). Of the four projects in the current period, R&F Festival City and R&F Xinran Court, with turnover of RMB231 million and RMB171 million respectively, accounted for approximately 79% of Beijing's total. The turnover of R&F Festival City included a significant portion of car park sales with a low average selling price per sq. m., and this was a major reason for the overall average selling price for Beijing decreasing by 30% to RMB11,000 per sq. m., from RMB15,700 per sq. m. in the previous period. Turnover in Tianjin in the period increased by 9% to RMB1.49 billion, from RMB1.36 billion, with delivery of 86,400 sq. m. (1H 2011: 109,700 sq. m.) from R&F City and R&F Jinmen Lake. R&F Jinmen Lake recorded a turnover of RMB1.07 billion, a more than four time increase over the corresponding prior period at an 18% lower average selling price of RMB16,300 per sq. m. With no turnover from R&F Peach Garden, which accounted for 44% of the prior period's turnover but at a lower selling price of RMB8,700 per sq. m., the overall average selling price of Tianjin in this period increased to RMB17,200 per sq. m. (1H 2011: RMB12,400). Shanghai ranked third among all cities in terms of turnover. Turnover from R&F Bay Shore and R&F Peach Garden amounted to RMB960 million (1H 2011: RMB33 million), with an average selling price of RMB13,000 per sq. m. The other six cities in which the Group operated contributed the remaining RMB979 million or 13% of the total turnover. Of this, most significant was RMB319 million from Xian R&F City, RMB172 million from Huizhou R&F Ligang Center, RMB163 million from Chengdu Peach Garden, and RMB138 million from Hainan R&F Bayshore.

   The following is the summary of turnover by city:

City	**Amount of Turnover (in RMB million)**	**Saleable Area Sold (sq. m.)**	**Avg. Selling Price (RMB/sq. m.)**
Guangzhou	3,431	210,900	16,300
Tianjin	1,488	86,400	17,200
Shanghai	960	73,600	13,000
Beijing	509	46,100	11,000
Xian	330	36,600	9,000
Hainan	201	10,800	18,600
Huizhou	172	20,300	8,500
Chengdu	163	32,900	5,000
Chongqing	105	11,900	8,800
Taiyuan	8	400	20,000
Total	7,367	529,900	13,900

2. Cost of goods sold was made up of land and construction costs, capitalized interest, and sales tax. For the current period, land and construction costs made up 83% of the Group's total costs, roughly the same level as in the first half period of the previous two years. In terms of costs per sq. m., land and construction costs rose by approximately 9% to RMB6,420, from RMB5,880 in the previous period. Apart from a general increase in construction costs, delivery of projects such as R&F Junhu Palace also pulled up the land and construction cost per sq. m. R&F Junhu Palace, which accounted for 12% of the period's total turnover, is an upscale residential development in downtown Guangzhou with a land and construction cost per sq. m. of RMB11,900. Capitalized interest included in the period's cost of sales amounted to RMB253 million (1H 2011: RMB274 million), a figure representing approximately 6.2% (1H 2011: 5.3%) of total costs. As a percentage of turnover from sale of properties, capitalized interest increased from 2.7% in the prior period to 3.4%. The cost of goods sold also included RMB455 million in business tax, making up 11.1% (1H 2011: 11.5%) of costs.

3. Overall gross margin for the period was 44.2%, as compared to 49.1% in the same period in 2011. The projects in Guangzhou's Pearl River New Town, R&F Yingzun Plaza and R&F Yingsheng Plaza, continued to achieve similar high gross margins of around 50%. These two projects accounted for a lesser proportion of total turnover in the period and partly contributed to the change in overall gross margin. In respect of gross margin by city, Beijing, Chongqing and Xian all improved over the prior period. In Beijing's case this was due to a substantial portion of turnover coming from car park sales with high gross margins, and in Xian's case due to the significantly better gross margin for a new phase of R&F City.

4. Other gains were mainly the result of interest income, which increased in line with higher average time deposit.

5. Selling and administration expenses for the period decreased by 7% or RMB56 million, to RMB697 million. Broken down, selling expenses decreased by RMB41 million to RMB139 million and administrative expenses decreased by RMB15 million to RMB558 million. The reduction in selling expenses was mainly a result of more efficient use of advertising expenditure, which decreased by RMB32 million despite contracted sales in the period that were 9% above those of the prior period. The advertising expenditure of RMB59 million made up 42% (1H 2011: 51%) of total selling expenses. Every million RMB of advertising expenditure generated RMB250 million in contracted sales, up from RMB147 million. As for administrative expenses, the decrease in the period related to manpower costs; refinement of the remuneration structure has resulted in savings in manpower costs while still maintaining a stable top-notch competitive team. Overall, selling and administrative expenses as a percentage of turnover increased to 9.5% from 7.5% in the previous period.

6. Finance costs increased by 43% to RMB725.7 million (1H 2011: RMB505.9 million), and were made up of interest expenses incurred in the period after deduction of the amount capitalized to development costs. Total interest expenses for the period increased by RMB443 million to RMB1.32 billion, equivalent to an increase of 50%. Both the effective interest rate and the amount of borrowings impacted on the amount of interest incurred. The effective interest rate for the Group's bank borrowing increased by 16% to 6.5%. Average outstanding borrowings in the period increased by approximately RMB1.1 billion to approximately RMB30.9 billion. Of the interest incurred, the amount capitalized for the period was RMB597.4 million (1H 2011: RMB374.2 million). Together with previously capitalized interest released to cost of goods sold which amounted to RMB252.6 million for the period (1H 2011: RMB273.9 million), aggregate interest costs included in this period's results amounted to RMB978.3 million (1H 2011: RMB779.8 million).

7. Share of result of associated companies was mainly derived from the Group's 20% interest in the Guangzhou Asian Games City project.

8. Land appreciation tax (LAT) of RMB630 million (1H 2011: RMB1.34 billion) and Enterprise Income Tax of RMB485 million brought the Group's total income tax expenses for the period to RMB1.11 billion. As a percentage of turnover, LAT decreased to 8.5% from 13.4% for the same period in 2011. This decrease was the result of lower turnover generated from projects with exceptionally high gross margins, which attract a high LAT. The effective enterprise income tax rate was 34% (1H 2011: 26%).

9. Overall, the Group's net profit margin for the period was 15.4%, as compared to 18.2% in the previous period. Major factors behind this change were the lower gross profit margin from property development, and the lower turnover, which resulted in higher selling and administrative expenses and financing costs as a percentage of turnover.

Financial resources and liquidity

At 30 June 2012, total cash on hand including time deposits and amounts restricted for specified usage was RMB13.64 billion (31 December 2011: RMB9.03 billion). Cash on hand significantly increased as a result of active financing activities in the period. With total borrowings at the end of the period amounted to RMB32.74 billion (31 December 2011: RMB28.38 billion), net debt decreased slightly to RMB19.10 billion from RMB19.35 billion at 31 December 2011. Net debt to equity ratio accordingly decreased to 84.7% at 30 June 2012 from 85.9% at 31 December 2011. Considering the Group's cash flow from sales and the expected capital expenditures, the net debt to equity ratio may further decrease.

During the six months ended 30 June 2012, new bank loans of RMB3.61 billion have been procured at interest rate ranging from 5.27% to 8.53% while bank loans repaid amounted to RMB3.55 billion. The effective interest rate of the total bank loan portfolio at 30 June 2012 was 6.54% (31 December 2011: 5.97%). Other than a RMB 5.5 billion domestic bond which carries fixed interest at 6.85% per annum, an offshore RMB2.612 billion 7.00% notes and an offshore USD150 million 10.875% notes, most of the Group's borrowings were in RMB and at floating interest rate bench marked to rates published by the People's Bank of China. The Group considered the RMB interest rate environment relatively stable and with income and assets predominantly in RMB that matched the loan currency, the Group did not consider it necessary to hedge either its interest rate or currency exposure.

Charge on assets

As at 30 June 2012, certain properties and bank deposits were pledged to secure bank loans amounted to RMB10.27 billion (31 December 2011: RMB8.72 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 would be released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 June 2012, such guarantees totaled RMB13.02 billion which increased 4% from RMB12.51 billion as at 31 December 2011. In addition, as at 30 June 2012, RMB3.65 billion in (31 December 2011: RMB3.99 billion) guarantee were provided to the Group's jointly controlled entities and associate for their borrowings.

Employee and remuneration policies

As of 30 June 2012, the Group had approximately 16,535 employees (30 June 2011: 15,320). The Group provides competitive remuneration, including fringe benefits such as one-off discount on purchase of properties developed by the Group, and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job-related training is also provided from time to time.

DIVIDEND

The Board has declared an interim dividend for the six months ended 30 June 2012 ("Interim Dividend") of RMB0.1 per share to shareholders whose names appear on the Register of Members as at 14 September 2012 (the "Record Date"). The Interim Dividend will be paid on 25 September 2012.

According to Article 153 of the Company's article of association, dividend payable to the holders of H shares shall be paid in Hong Kong dollars, based on an exchange rate which was the average closing exchange rates for Renminbi ("RMB") to Hong Kong dollars announced by the People's Bank of China for the week prior to the date of the declaration of the Interim Dividend. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rate for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to 16 August 2012, the date on which the Interim Dividend was declared was RMB0.817954 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.122256.

According to the Enterprise Income Tax Law of the PRC and the Implementation Rules of the Enterprise Income Tax Law of the PRC that became effective from 1 January 2008, the Company is required to withhold PRC enterprise income tax at the rate of 10% before paying dividend to non-resident enterprise shareholders. Previously, dividend to non-resident shareholders who are individual had been exempted from individual income tax pursuant to the Circular on the Questions Concerning the Income Tax on the Profits for the Transfer of Shares (Equity Interests) and Dividend Received by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners (Guo Shui Fa [1993] No.45)(＜關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得税收問題的通知＞(國税發[1993] 45號))issued by the State Administration of Taxation (the "Circular"). The Circular has now been repealed and based on applicable relevant laws and regulations including the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124)(國家税務總局關於印發＜非居民享受税收協定待遇管理辦法(試行)＞的通知(國税發[2009] 124號))and the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Han [2011] No.348)(國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知)(國税函[2011]348號), the Company will withhold payment of PRC individual income tax on the Interim Dividend for non-resident individual H shareholders as follow:

- The Company will determine the country of domicile of an individual H shareholder based on the registered address as recorded in the register of its H shareholders as at the Record Date.

- For individual H shareholders who are Hong Kong or Macau residents or whose country of domicile has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay PRC individual income tax at the rate of 10% on the Interim Dividend on behalf of the individual H shareholder.

- For individual H shareholders whose country of domicile has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay PRC individual income tax at the rate of 10% on the Interim Dividend on behalf of the individual H shareholder. If the individual H shareholders would like to apply to the relevant tax authority for refund of any excess tax paid, the Company will provide assistance as appropriate.

- For individual H shareholders whose country of domicile has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay PRC individual income tax at the actual tax rate on the Interim Dividend as stipulated in the relevant tax treaty on behalf of the individual H shareholder.

- For individual H shareholders whose country of domicile has not entered into a tax treaty with the PRC, the Company will withhold and pay PRC individual income tax at the rate of 20% on the Interim Dividend on behalf of the individual H shareholder.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 25 September 2012. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 10 September 2012 (Monday) to 14 September 2012 (Friday) (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 7 September 2012 (Friday).

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the unaudited interim results of the Company for six months ended 30 June 2012. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2012 was as follows:

Class of shares	No. of shares	Percentage
Domestic shares	2,207,108,944	68.5%
"H" share	1,015,258,400	31.5%
Total	3,222,367,344	100.0%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, so far as the directors are aware, the following persons (other than the directors, supervisor and chief executive officer of the Company) held 5% or more interests or short position 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 Securities and Futures Ordinance (the "SFO") as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholders	Types of shares	No. of shares (Note)	Percentage of H shares
Prudential plc	"H" share	78,929,600 (L)	7.77%
Citigroup Inc.	"H" share	74,798,736 (L)	7.36%
		65,314,072 (S)	6.43%
		26,857,634 (P)	2.64%
JPMorgan Chase & Co.	"H" share	65,254,135 (L)	6.43%
		25,632,237 (S)	2.52%
		33,015,190 (P)	3.25%
Blackrock, Inc	"H" share	58,003,326 (L)	5.71%
		9,304,793 (S)	0.91%
Morgan Stanley	"H" share	57,881,237 (L)	5.70%
		62,075,212 (S)	6.11%
Deutsche Bank Aktiengesellschaft	"H" share	53,109,697 (L)	5.23%
		40,654,220 (S)	4.00%
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" denote a long position, a short position and lending pool in the shares respectively.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests of the directors and supervisors of the Company in the shares and underlying shares of the Company and any of its associated corporation (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions 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:

Long positions in the shares as at 30 June 2012 were as follows:

		Number of Shares				
Directors	Type of Shares	Personal	Spouse or children Under 18	Corporate Interest	Total	Percentage of total number of issued shares
Li Sze Lim	Domestic share	1,045,092,672				
	"H" share		5,000,000	25,000,000	1,075,092,672	33.36%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	"H" share	6,632,800	200,000		1,031,925,472	32.02%
Lu Jing	Domestic share	35,078,352			35,078,352	1.09%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.71%
Li Helen	"H" share	1,003,600			1,003,600	0.03%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.62%

Long positions in the shares of the Company's associated corporations (within the meaning of Part XV of the SFO)

Directors	Name of associated corporation	Type of interest	No. of shares	Percentage of total issued registered capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35%
Zhang Li	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35%

Note 1: 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 as to 50% each.

Note 2: Beijing Fushengli Investment Consulting Co., Ltd. is 70% owned by Sparks Real Estate Holdings Limited, a wholly owned subsidiary of Top Elite Group Limited which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li as to 50% each.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries nor its jointly controlled entity purchased, redeemed or sold any of the Company's listed securities.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

A jointly controlled entity in which the Group owns 50% interest, Hines Shanghai New Jiangwan Development Co. Ltd., entered into an agreement for a bank loan of HK$1.4 billion (the "Loan Agreement") on 29 June 2011. The Loan Agreement includes a condition imposing specific performance obligations on Mr. Li Sze Lim ("Mr. Li"), the controlling shareholder of the Company. Mr. Li is interested in approximately 33.36% of the issued share capital of the Company as at 30 June 2012. It will be an event of default in the event that Mr. Li ceases to hold directly or indirectly an aggregate beneficial ownership of not less than 30% in the shares of and interest in the Company and in such event (amongst other things), the Loan Agreement may be terminated by the lenders and the loan may become immediately due and repayable.

BOARD COMPOSITION AND PRACTICE

The Board of the Company consists of nine members, including four executive directors, Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin (the sister of Mr. Zhang Li) and Ms. Li Helen (the sister of Mr. Li Sze Lim); and three independent non-executive directors, Mr. Huang Kaiwen, Mr. Dai Feng and Mr. Lai Ming, Joseph. Save as disclosed, there is no business or other relationship among members of the Board, and in particular between the chairman and the chief executive officer of the Company. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a mix of balanced skills and expertise to provide effective leadership of the Company.

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

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operations of the Group, including dividend policy and risk management strategies. It is also responsible for the adoption of internal business and management control as well as the monitoring of the effectiveness of its control measures.

All directors, including non-executive directors and independent non-executive directors, have offered sufficient time and effort to serve the business affairs of the Company. All non-executive and independent directors possess appropriate academic and professional qualifications and related management experience and have contribute to the Board with their professional advice. Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualification in accounting and financial management. All independent non-executive directors have confirmed their independence of the Company.

The notice of Board meeting, as stipulated under Article 97 of the Articles of Association, will be given to all directors at least 10 days prior to the date of meeting. All directors are given opportunities to include any matters to be discussed in the agenda. The company secretary is responsible to the Board for ensuring that all board procedures are followed, and detailed minutes of the Board meetings are prepared, circulated and approved. The company secretary is also responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeovers and Mergers and Share Repurchases, Company Ordinance, SFO and other applicable laws, rules and regulations.

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

The positions of the chairman and the chief executive officer are held by separate individuals with the view to maintaining an effective segregation of duties.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") as the code of conduct for directors in their dealings in the Company's securities. The Company made specific enquires with each director, and each of them confirmed that he or she had complied with the Model Code during the six months ended 30 June 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other laws and regulations of relevant jurisdictions. In particular, it has observed the rules and principles set out under the Code on Corporate Governance Practices as stated in the Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The audit committee of the Company was established on 27 June 2005. It has been set up with terms of reference in accordance with Appendix 14 of the Listing Rules. The audit committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationship with external auditors, the Company's financial reporting, the internal control and risk management system. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Lai Ming, Joseph (Chairman of the audit committee) and Mr. Dai Feng who are independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for six months ended 30 June 2012.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established on 27 June 2005. It has been set up with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Dai Feng (Chairman of the remuneration committee), Mr. Li Sze Lim and Mr. Huang Kaiwen. The principle responsibilities of the remuneration committee include the reviewing and making of recommendation to the Board on the Company's policies, structure and specific remuneration packages of directors and senior management of the Company.

The remuneration committee has reviewed the compensation payable to all directors and senior managers in accordance with the contractual terms and that such compensation is fair and not excessive to the Company.

SHAREHOLDERS RELATION

The Company has established different communication channels with its shareholders. Apart from annual and special general meetings; annual reports, interim reports, circulars and announcement as required under the Listing Rules, shareholders are encouraged to visit the web-site of the Company which is updated with the most recent key information of the Group. The Company also holds regular press conferences and briefing meetings with analysts.

CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2012	Audited 31 December 2011
ASSETS			
Non-current assets			
Land use rights	7	**708,589**	680,069
Property, plant and equipment	7	**5,085,788**	4,124,919
Investment properties	7	**13,261,970**	12,687,557
Intangible assets	7	**899,022**	848,088
Interests in jointly controlled entities		**3,355,028**	3,355,575
Interests in associates	8	**212,060**	264,586
Deferred income tax assets		**2,455,873**	2,402,822
Available-for-sale financial assets		**177,100**	177,100
Trade and other receivables and prepayments	9	**2,119,044**	2,209,693
		28,274,474	26,750,409
Current assets			
Properties under development		**36,761,883**	33,087,780
Completed properties held for sale		**6,470,797**	6,035,545
Inventories		**276,421**	271,858
Trade and other receivables and prepayments	9	**5,866,365**	7,581,432
Tax prepayments		**1,857,593**	1,405,997
Restricted cash	10	**3,947,346**	2,899,620
Time deposits	11	**1,300,000**	1,300,000
Cash		**8,388,269**	4,826,243
		64,868,674	57,408,475
Total assets		**93,143,148**	84,158,884
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**805,592**	805,592
Other reserves		**4,316,428**	4,316,428
Shares held for Share Award Scheme	13	**(167,364)**	(165,924)
Retained earnings			
– Proposed dividend	20	**319,437**	1,288,948
– Others		**17,276,419**	16,280,782
		22,550,512	22,525,826
Non-controlling interests		**203,854**	206,548
Total equity		**22,754,366**	22,732,374

CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2012	Audited 31 December 2011
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	**20,191,728**	18,285,250
Deferred income tax liabilities		**2,503,224**	2,364,187
		22,694,952	20,649,437
Current liabilities			
Accruals and other payables	15	**9,721,403**	10,124,938
Dividend payable	20	**867,164**	–
Deposits received on sale of properties		**18,738,089**	14,054,998
Current income tax liabilities		**5,821,883**	6,503,780
Short-term borrowings	14	**780,488**	352,033
Current portion of long-term borrowings	14	**11,764,803**	9,741,324
		47,693,830	40,777,073
Total liabilities		**70,388,782**	61,426,510
Total equity and liabilities		**93,143,148**	84,158,884
Net current assets		**17,174,844**	16,631,402
Total assets less current liabilities		**45,449,318**	43,381,811

The notes on pages 25 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2012**	2011
Revenue	6	**8,440,258**	10,982,442
Cost of sales		**(4,888,316)**	(5,723,202)
Gross profit		**3,551,942**	5,259,240
Other gains – net	16	**649,910**	59,278
Selling and marketing costs		**(157,651)**	(204,561)
Administrative expenses		**(677,558)**	(650,185)
Other operating (expenses)/income		**(5,409)**	4,126
Operating profit	17	**3,361,234**	4,467,898
Finance costs	18	**(725,736)**	(505,900)
Share of results of jointly controlled entities		**(27,256)**	(14,187)
Share of results of associates		**(52,526)**	134,628
Profit before income tax		**2,555,716**	4,082,439
Income tax expenses	19	**(1,256,136)**	(2,079,985)
Profit for the period		**1,299,580**	2,002,454
Profit attributable to:			
– Owners of the Company		**1,302,274**	2,005,840
– Non-controlling interests		**(2,694)**	(3,386)
		1,299,580	2,002,454
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**0.4077**	0.6225
Dividend	20	**319,437**	644,473

The notes on pages 25 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2012	2011
Profit for the period	**1,299,580**	2,002,454
Other comprehensive income	**–**	–
Total comprehensive income for the period	**1,299,580**	2,002,454
Total comprehensive income for the period attributable to:		
– Owners of the Company	**1,302,274**	2,005,840
– Non-controlling interests	**(2,694)**	(3,386)
	1,299,580	2,002,454

The notes on pages 25 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited						
	Attributable to owners of the Company						
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	805,592	(165,924)	4,316,428	17,569,730	22,525,826	206,548	22,732,374
Comprehensive income							
Profit for the period	–	–	–	1,302,274	1,302,274	(2,694)	1,299,580
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period ended 30 June 2012	–	–	–	1,302,274	1,302,274	(2,694)	1,299,580
Transactions with owners							
Shares purchased for Share Award Scheme	–	(1,440)	–	–	(1,440)	–	(1,440)
Dividend relating to 2011 final	–	–	–	(1,276,148)	(1,276,148)	–	(1,276,148)
Total transactions with owners	–	(1,440)	–	(1,276,148)	(1,277,588)	–	(1,277,588)
Balance at 30 June 2012	805,592	(167,364)	4,316,428	17,595,856	22,550,512	203,854	22,754,366
Balance at 1 January 2011	805,592	–	4,320,628	14,661,501	19,787,721	211,500	19,999,221
Comprehensive income							
Profit for the period	–	–	–	2,005,840	2,005,840	(3,386)	2,002,454
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period ended 30 June 2011	–	–	–	2,005,840	2,005,840	(3,386)	2,002,454
Transactions with owners							
Disposal of a subsidiary	–	–	–	–	–	1,614	1,614
Dividend relating to 2010 final	–	–	–	(1,288,948)	(1,288,948)	–	(1,288,948)
Total transactions with owners	–	–	–	(1,288,948)	(1,288,948)	1,614	(1,287,334)
Balance at 30 June 2011	805,592	–	4,320,628	15,378,393	20,504,613	209,728	20,714,341

The notes on pages 25 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited Six months ended 30 June 2012	2011
Cash flows from operating activities		
– cash generated from operations	**3,819,031**	3,089,565
– interest paid	**(803,956)**	(663,482)
– enterprise income tax and land appreciation tax paid	**(2,059,473)**	(2,072,670)
Cash flows from operating activities – net	**955,602**	353,413
Cash flows from investing activities		
– purchases of property, plant and equipment	**(339,604)**	(175,690)
– purchases of intangible assets	**(61,578)**	(15)
– proceeds on disposal of property, plant and equipment	**70**	18,028
– proceeds on disposal of investment properties	**–**	47,530
– proceeds on disposal of a subsidiary	**–**	4,712
– prepayment for acquisition of a subsidiary	**–**	(15,100)
– capital contributions made to jointly controlled entities	**(4,000)**	(23,505)
– acquisition of additional interests in a jointly controlled entity	**–**	(507,306)
– proceeds on disposal of interests in a jointly controlled entity	**500**	–
– cash repayment from jointly controlled entities and associates	**158,505**	344,262
– interest received	**67,235**	45,933
Cash flows from investing activities – net	**(178,872)**	(261,151)
Cash flows from financing activities		
– proceeds from borrowings, net of transaction costs	**7,467,799**	7,071,778
– repayments of borrowings	**(3,548,658)**	(4,204,445)
– repayments of finance lease liabilities	**(12,555)**	–
– (increase)/decrease in pledged bank deposits	**(658,920)**	1,438,527
– purchases of shares for Share Award Scheme	**(1,440)**	–
– dividend paid to owners of the Company	**(460,930)**	(406,104)
Cash flows from financing activities – net	**2,785,296**	3,899,756
Net increase in cash	**3,562,026**	3,992,018
Cash at beginning of period	**4,826,243**	5,653,716
Cash at end of period	**8,388,269**	9,645,734

The notes on pages 25 to 52 form an integral part of this condensed consolidated interim financial information.

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 on 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan thousands (RMB'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 16 August 2012.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2012.

- HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" is effective for annual periods beginning on or after 1 January 2012. It introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale.

  The amendment has no material impact on the Group's financial statements, as the business model of the Group's investment properties is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the presumption of HKAS 12 (Amendment) is rebutted and related deferred tax is not remeasured.

- HKFRS 7 (Amendment), "Disclosures – Transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. It promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. This has no material impact on the Group's financial statements.

3. ACCOUNTING POLICIES (continued)

(b) New standards, amendments and interpretations to existing standards effective in 2012 but not currently relevant to the Group

- HKFRS 1 (Amendment), "Severe hyperinflation and removal of fixed dates for first-time adopters" is applicable to annual periods beginning on or after 1 July 2011. This is not relevant to the Group as the Group is existing HKFRSs preparer.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

5. FINANCIAL RISK MANAGEMENT

5.1 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.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalent, including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposal of certain investment properties with acceptable prices to the Group. The Group will, base on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyses the Group'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
At 30 June 2012					
Borrowings (excluding finance lease liabilities (Note (1))	**13,837,647**	**8,364,649**	**10,431,905**	**5,308,692**	**37,942,893**
Finance lease liabilities	**50,222**	**50,222**	**138,112**	**–**	**238,556**
Accrual and other payables*	**9,191,696**	**–**	**–**	**–**	**9,191,696**
Dividend payable	**867,165**	**–**	**–**	**–**	**867,165**
Guarantees in respect of borrowings of jointly controlled entities and an associate	**561,907**	**1,534,978**	**2,307,253**	**–**	**4,404,138**
At 31 December 2011					
Borrowings (Note (1))	10,808,407	7,074,332	9,494,276	5,776,018	33,153,033
Accrual and other payables*	9,623,952	–	–	–	9,623,952
Guarantees in respect of borrowings of jointly controlled entities and an associate	2,028,110	828,683	1,640,233	–	4,497,026

* Excluding salaries payable and other taxes payable

Note:

(1) Interest on borrowings is calculated on borrowings held as at 30 June 2012 and 31 December 2011. Floating-rate interest is estimated using the current interest rate as at 30 June 2012 and 31 December 2011 respectively.

(2) 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. Please refer to Note 21(a) for details.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 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 raises 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 equity attributable to owners of the Company.

The gearing ratio is calculated as follows:

	30 June 2012	31 December 2011
Total borrowings (Note 14)	**32,737,019**	28,378,607
Less: cash, restricted cash and time deposits	**(13,635,615)**	(9,025,863)
Net debt	**19,101,404**	19,352,744
Equity attributable to owners of the Company	**22,550,512**	22,525,826
Gearing ratio	**84.7%**	85.9%

5.4 Fair value estimation

The different levels of financial instruments carried at fair value have been defined as follows:

- 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.

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.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. 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. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

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 six months ended 30 June 2012 and 2011 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2012					
Segment revenue	7,366,731	317,822	405,622	398,098	8,488,273
Inter-segment revenue	–	(26,270)	(19,504)	(2,241)	(48,015)
Revenue from external customers	7,366,731	291,552	386,118	395,857	8,440,258
Profit/(loss) for the period	931,899	533,737	(69,380)	(96,676)	1,299,580
Finance costs	(502,389)	(108,391)	(83,725)	(31,231)	(725,736)
Share of results of jointly controlled entities	(27,256)	–	–	–	(27,256)
Share of results of associates	(52,551)	–	–	25	(52,526)
Income tax expenses	(1,114,923)	(175,735)	23,126	11,396	(1,256,136)
Depreciation and amortisation	61,775	–	65,941	10,238	137,954
Provision for impairment of doubtful debts	1,144	–	219	658	2,021
Fair value gain on investment properties	–	574,413	–	–	574,413

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2011					
Segment revenue	10,066,930	235,326	383,530	345,070	11,030,856
Inter-segment revenue	–	(25,019)	(17,954)	(5,441)	(48,414)
Revenue from external customers	10,066,930	210,307	365,576	339,629	10,982,442
Profit/(loss) for the period	2,029,439	10,697	(50,409)	12,727	2,002,454
Finance costs	(286,490)	(123,019)	(91,383)	(5,008)	(505,900)
Share of results of jointly controlled entities	(14,187)	–	–	–	(14,187)
Share of results of associates	134,342	–	–	286	134,628
Income tax expenses	(2,086,123)	(6,710)	16,803	(3,955)	(2,079,985)
Depreciation and amortisation	53,452	–	67,738	1,330	122,520
(Reversal of)/provision for impairment of doubtful debts	(2,623)	–	416	76	(2,131)

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 condensed consolidated income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2012					
Segment assets	**72,749,636**	**13,261,970**	**3,943,215**	**555,354**	**90,510,175**
Segment assets include:					
Interests in jointly controlled entities	**3,355,028**	**–**	**–**	**–**	**3,355,028**
Interests in associates	**154,807**	**–**	**–**	**57,253**	**212,060**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**467,559**	**–**	**259,955**	**61,974**	**789,488**
Segment liabilities	**27,812,537**	**–**	**180,578**	**466,376**	**28,459,491**
As at 31 December 2011					
Segment assets	64,729,517	12,687,557	3,654,365	507,523	81,578,962
Segment assets include:					
Interests in jointly controlled entities	3,355,575	–	–	–	3,355,575
Interests in associates	207,357	–	–	57,229	264,586
Additions to non-current assets (other than financial instruments and deferred tax assets)	439,700	–	–	21,882	461,582
Segment liabilities	23,485,416	–	258,789	435,731	24,179,936

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.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

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

	As at 30 June 2012	As at 31 December 2011
Segment assets for reportable segments	**90,510,175**	81,578,962
Deferred income tax assets	**2,455,873**	2,402,822
Available-for-sale financial assets	**177,100**	177,100
Total assets per balance sheet	**93,143,148**	84,158,884

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:

	As at 30 June 2012	As at 31 December 2011
Segment liabilities for reportable segments	**28,459,491**	24,179,936
Deferred income tax liabilities	**2,503,224**	2,364,187
Current income tax liabilities	**5,821,883**	6,503,780
Current borrowings	**12,545,291**	10,093,357
Non-current borrowings	**20,191,728**	18,285,250
Dividend payable	**867,165**	–
Total liabilities per balance sheet	**70,388,782**	61,426,510

(All amounts in RMB Yuan thousands unless otherwise stated)

7. CAPITAL EXPENDITURE

			Property, plant and equipment		
	Intangible assets	Investment properties	Owned assets	Assets acquired under finance lease	Land use rights
Six months ended 30 June 2012					
Opening net book amount at 1 January 2012	848,088	12,687,557	4,124,919	–	680,069
Additions	61,578	–	332,585	395,325	–
Transfer from properties under development	–	–	352,464	–	38,808
Disposals	–	–	(235)	–	–
Fair value gains (including in other gains – net)	–	574,413	–	–	–
Depreciation and amortisation	(10,644)	–	(115,080)	(4,190)	(10,288)
Closing net book amount at 30 June 2012	899,022	13,261,970	4,694,653	391,135	708,589
Six months ended 30 June 2011					
Opening net book amount at 1 January 2011	875,098	12,461,640	4,119,144	–	670,940
Additions	15	–	120,576	–	–
Transfer from properties under development	–	–	60,694	–	42,699
Disposals	–	(77,132)	(18,227)	–	–
Depreciation and amortisation	(1,991)	–	(112,731)	–	(10,151)
Closing net book amount at 30 June 2011	873,122	12,384,508	4,169,456	–	703,488

8. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2012	2011
At 1 January	264,586	137,866
Share of results	(52,526)	134,628
At 30 June	212,060	272,494

8. INTERESTS IN ASSOCIATES (continued)

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 30 June 2012
			RMB'000	RMB'000	RMB'000	RMB'000	
北京富盛利房地產經紀有限公司 ("北京富盛利")	RMB91,913,000	PRC	321,383	(191,378)	1,563	(343)	30%
廣州利合房地產開發有限公司 ("廣州利合") (Note(a))	HKD750,000,000	PRC	23,274,250	(22,520,279)	534,293	(269,843)	20%
廣州超力混凝土有限公司 ("超力混凝土")	RMB20,000,000	PRC	149,814	(122,440)	65,529	606	21%
廣州中昊投資發展有限公司	RMB14,000,000	PRC	25,885	(11,885)	–	–	30%
北京粵商投資股份有限公司 ("北京粵商")	RMB57,000,000	PRC	59,204	3,004	–	(817)	22%
廣州盛安創富投資管理有限公司 ("盛安創富")	RMB20,000,000	PRC	20,049	(16)	–	36	20%

(a) 廣州利合 is principally engaged in development of a real estate project in Guangzhou. The development of the project consists of three phases. Pursuant to the agreed payment schedule, the third phase land premium of RMB10,200,000,000 should be settled in December 2011. As at 30 June 2012, there was an outstanding land premium totalling RMB9,200,000,000 remained unsettled. Management of 廣州利合 is in the process of negotiating with related authorities the repayment schedule of this outstanding land premium and has made a progress payment of approximately RMB1,000,000,000 on 1 August 2012. Based on the continuing negotiation initiated by the management of 廣州利合 and their consultation with external lawyer, as well as discussion amongst the shareholders of 廣州利合, the directors of the Company consider that the delayed payment of land premium does not render significant adverse impact on the financial position and results of operation of the Group as at and for the six months ended 30 June 2012.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2012	31 December 2011
Trade receivables		
– Due from a jointly controlled entity (Note 24 (xi))	**107,014**	96,754
– Due from third parties	**1,654,385**	1,827,962
	1,761,399	1,924,716
Less: provision for impairment of trade receivables	**(2,737)**	(2,737)
Trade receivables – net	**1,758,662**	1,921,979
Other receivables	**3,009,583**	2,992,091
Prepayments	**1,044,445**	2,492,803
Due from jointly controlled entities (Note 24 (xi))	**1,361,359**	1,269,600
Due from associates (Note 24 (xi))	**841,377**	1,142,648
Less: provision for impairment of other receivables	**(30,017)**	(27,996)
Total	**7,985,409**	9,791,125
Less: non-current portion	**(2,119,044)**	(2,209,693)
Current portion	**5,866,365**	7,581,432

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

The carrying amounts of trade and other receivables, net of provision for impairment, approximate their fair value.

At 30 June 2012 and 31 December 2011, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2012	31 December 2011
Trade receivables		
0 to 90 days	**742,866**	906,943
91 to 180 days	**179,170**	428,877
181 to 365 days	**408,558**	389,779
1 year to 2 years	**345,110**	102,765
Over 2 years	**85,695**	96,352
	1,761,399	1,924,716

(All amounts in RMB Yuan thousands unless otherwise stated)

10. RESTRICTED CASH

	As at	
	30 June 2012	31 December 2011
Guarantee deposits for construction of pre-sold properties (Note (a))	**2,235,174**	1,794,984
Guarantee deposits for resettlement costs (Note (b))	**21,172**	22,365
Guarantee deposits for construction payable (Note (c))	**826,853**	849,412
Guarantee deposits for borrowings (Note (d))	**670,460**	11,540
Guarantee deposits for mortgage loans provided to customers (Note (e))	**30,034**	59,201
Guarantee deposits for interests of senior notes (Note (f))	**144,541**	144,205
Others (Note (g))	**19,112**	17,913
	3,947,346	2,899,620

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 upon full repayment of borrowings or replacement with new collaterals. As at 30 June 2012, the guarantee deposits amounted to RMB213,402,000 pledged for bank loans (31 December 2011: Nil).

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 30 June 2012, the guarantee deposits amounted to RMB33,000 (31 December 2011: RMB11,540,000).

Pursuant to a financing arrangement, the Group is required to place all proceeds from a financing activity at a designated bank account. The deposit can be drawn out only after obtaining approval from the bank. As at 30 June 2012, the guarantee deposits amounted to RMB457,025,000 (31 December 2011: 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) According to the relevant contract, the Group is required to place certain cash deposits at a designated bank account as security for payment of interests of senior notes. Such guarantee deposits will only be released after payment of interests.

(g) Others mainly include guarantee deposits for letter of credit and salary payments for construction workers.

11. TIME DEPOSITS

The initial term of time deposits was over three months with maturity date on 16 September 2012, and the interest rate was 3.5% for the six months ended 30 June 2012. The Group's time deposits are denominated in RMB.

12. SHARE CAPITAL

	Number of shares (thousands)	Ordinary shares	Share premium	Total
At 30 June 2012 and 31 December 2011				
– 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

13. SHARES HELD FOR SHARE AWARD SCHEME

	Six months ended 30 June 2012
Balance at 1 January 2012	**165,924**
Shares purchased for Share Award Scheme	**1,440**
Balance at 30 June 2012	**167,364**

On 23 August 2011, a Share Award Scheme (the "Scheme") has been approved and adopted by the Board of Directors of the Company. The terms of the Scheme provide for H shares of the Company to be awarded to eligible employees of the Group as part of their compensation package. Such shares would be vested progressively over the vesting period after the awards are granted, provided that the relevant awardee remained employed by the Group or retired on reaching normal retirement age.

Shares awarded under the Scheme shall be subject to a vesting schedule as follows:

(i) 33.3% on the first anniversary date of the award date;
(ii) 33.3% on the second anniversary date of the award date; and
(iii) 33.4% on the third anniversary date of the award date.

Before vesting, the Awarded Shares are held in a trust set up by the Scheme.

As at 30 June 2012, the shares held for Share Award Scheme has not been awarded to eligible employees.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS

	As at 30 June 2012	As at 31 December 2011
Non-current		
Long-term bank loans (Note (a))		
– Secured	**10,120,025**	8,570,135
– Unsecured	**7,587,350**	9,494,900
	17,707,375	18,065,035
Corporate bonds (Note (b))		
– Unsecured	**5,463,180**	5,455,924
Senior notes (Note (c))		
– Unsecured	**3,517,654**	3,505,615
Other borrowings (Note (d))		
– Secured	**5,063,481**	1,000,000
Finance lease liabilities (Note (e))	**204,841**	–
Less: current portion of long-term borrowings	**(11,764,803)**	(9,741,324)
	20,191,728	18,285,250
Current		
Short-term bank loans (Note (a))		
– Secured	**154,888**	154,033
– Unsecured	**625,600**	198,000
	780,488	352,033
Current portion of long-term borrowings	**11,764,803**	9,741,324
Total borrowings	**32,737,019**	28,378,607

(a) Bank loans

(i) Movements in bank loans are analysed as follows:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Opening amount as at 1 January	**18,417,068**	22,411,860
Addition of bank loans	**3,611,260**	3,547,644
Repayments of bank loans	**(3,548,658)**	(4,204,445)
Amortisation of transaction costs	**8,193**	16,011
Closing amount as at 30 June	**18,487,863**	21,771,070

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(a) Bank loans (continued)

(ii) At 30 June 2012, bank loans totalling RMB10,274,913,000 (31 December 2011: RMB8,724,168,000) were secured by the following:

	As at 30 June 2012	31 December 2011
Land use rights	**453,283**	412,006
Properties under development	**1,375,742**	1,035,710
Property, plant and equipment	**2,592,628**	2,562,435
Investment properties	**8,687,112**	8,549,379
Completed properties held for sale	**380,951**	526,891
Restricted cash	**213,402**	–
	13,703,118	13,086,421

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

	As at 30 June 2012	31 December 2011
Guarantors		
The Company	**3,959,350**	4,866,900
Subsidiaries	**1,310,000**	1,610,000
	5,269,350	6,476,900

At 30 June 2012, bank loans of RMB2,943,600,000 (31 December 2011: RMB3,216,000,000) are credit loans.

(iii) The maturity of bank loans is as follows:

	As at 30 June 2012	31 December 2011
Within one year	**6,044,338**	4,637,433
Between one and two years	**4,453,976**	5,249,500
Between two and five years	**4,604,621**	4,746,400
Over five years	**3,384,928**	3,783,735
Total bank loans	**18,487,863**	18,417,068

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(a) Bank loans (continued)

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

	As at	
	30 June 2012	31 December 2011
RMB	**17,925,375**	18,263,035
HK dollars	**562,488**	154,033
	18,487,863	18,417,068

(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, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date. Therefore, the corporate bonds are recorded as current liabilities in the Group's consolidated balance sheet at 30 June 2012.

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 basis points for the remaining periods.

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

The movement of the corporate bonds for the six months ended 30 June 2012 is set out below:

	Six months ended 30 June	
	2012	2011
Carrying amount as at 1 January	**5,455,924**	5,442,161
Interest charged (Note 18)	**195,114**	193,559
Interest included in other payables	**(187,858)**	(186,827)
Carrying amount as at 30 June	**5,463,180**	5,448,893

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(c) Senior notes

On 29 April 2011, a subsidiary of the Group, Big Will Investments Limited issued 7% senior notes due 29 April 2014 in the aggregate nominal value of RMB2,612,000,000 (the "CNY Notes") and 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) (the "USD Notes") at face value.

The CNY Notes and the USD Notes are jointly guaranteed by certain subsidiaries of the Group.

Subject to certain exceptions, the issuer may at its option redeem all of the CNY Notes and the USD Notes at a redemption price equal to 100% of the principal amount plus applicable premium, together with accrued and unpaid interest, if any, to the date fixed by the issuer for redemption.

The senior notes recognised in the balance sheet are calculated as follows:

	Six months ended 30 June	
	2012	2011
Carrying amount at 1 January/date of issuance	**3,505,615**	3,528,784
Interest charged (Note 18)	**150,888**	52,659
Interest included in other payables	**(142,449)**	(49,780)
Exchange loss/(gain)	**3,600**	(8,760)
Carrying amount as at 30 June	**3,517,654**	3,522,903

(d) Other borrowings

(i) On 13 July 2011, a subsidiary of the Company principally engaged in development of a real estate project in Nanjing ("Nanjing Project Company") entered into a financing arrangement with a financial institution (the "Trustee I"). Pursuant to the financing arrangement, the Trustee I established a trust to raise a funding totaling RMB1,000,000,000 to finance the Nanjing Project Company. The financing arrangement matures in January 2013. During the period of the financing arrangement, 60% shares of Nanjing Project Company held by the Group are pledged as security and land use right of Nanjing Project Company of RMB1,849,042,000 are pledged to the Trustee I. The borrowings are also guaranteed by the Company.

The movement of the borrowings for the six months ended 30 June 2012 is set out below:

	Six months ended 30 June 2012
Carrying amount at 1 January 2012	**1,000,000**
Interest charged (Note 18)	**66,083**
Interest included in other payables	**(66,083)**
Carrying amount at 30 June 2012	**1,000,000**

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(d) Other borrowings (continued)

(ii) On 19 January 2012, certain subsidiaries of the Company principally engaged in property development (the "Project Companies") entered into a financing arrangement with a financial institution (the "Trustee II"). Pursuant to the financing arrangement, the Trustee II established a trust to raise a funding totaling RMB3,242,000,000 to finance the Project Companies. The financing arrangement matures in July 2014. During the period of the financing arrangement, land use rights of the Group amounted to RMB1,903,387,000 are pledged as security to the Trustee II. The borrowings are also guaranteed by the Company.

The Trustee II is managed by 盛安創富, which is an associate of the Company and certain directors of the Company are also the minority shareholders.

The borrowings recognised in the balance sheet are calculated as follows:

	Six months ended 30 June 2012
Initial cost at the date of borrowing	3,242,000
Interest charged (Note 18)	232,832
Interest included in other payables	(204,800)
Carrying amount as at 30 June 2012	3,270,032

(iii) On 17 April 2012, a subsidiary of the Company principally engaged in property construction in Guangzhou ("Guangzhou Construction Company") entered into a financing arrangement with a financial institution (the "Trustee III"). Pursuant to the financing arrangement, the Trustee III established a trust to raise a funding totaling RMB849,739,000 to finance a construction project of Guangzhou Construction Company in Guangzhou. The financing arrangement matures in September 2014. During the period of the financing arrangement, 95% shares of a subsidiary of the Company in Guangzhou ("Guangzhou Property Company") held by the Group are pledged as security and the trade receivables of the Guangzhou Construction Company related to the construction of the project are pledged to the Trustee III. The borrowings are also guaranteed by the Company and the Guangzhou Project Company.

The borrowings recognised in the balance sheet are calculated as follows:

	Six months ended 30 June 2012
Initial cost at the date of borrowing	788,133
Interest charged (Note 18)	24,522
Interest included in other payables	(19,206)
Carrying amount as at 30 June 2012	793,449

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(e) Finance lease liabilities

In April 2012, a subsidiary of the Company ("the lessee") entered into an aircraft rental agreement with an independent third party under financial lease (the "Arrangement"). Under the Arrangement, the lessee leased an aircraft for an agreed term of five years commencing on 15 April 2012. At the maturity date of the lease, the lessee has an option to purchase the aircraft at a consideration of RMB94,830,000. The lease liabilities were effectively secured as the rights to the leased asset would be reverted to the lessor in the event of default.

	As at 30 June 2012
Gross finance lease liabilities – minimum lease payments	
No later than 1 year	50,222
Later than 1 year and no later than 5 years	188,334
	238,556
Future finance charges on finance leases	(33,715)
Present value of finance lease liabilities	204,841
The present value of finance lease liabilities is as follows:	
No later than 1 year	37,774
Later than 1 year and no later than 5 years	167,067
	204,841

15. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2012	31 December 2011
Amounts due to jointly controlled entities (Note 24 (xi))	760,364	809,056
Amounts due to associates (Note 24 (xi))	46,944	70,290
Construction payables (Note (c))	5,019,690	6,071,992
Other payables and accrued charges (Note (d))	3,894,405	3,173,600
	9,721,403	10,124,938

(a) The carrying amounts of the Group's accruals and other payables are denominated in RMB, except for balance due to a jointly controlled entity amounted to RMB448,364,000 as at 30 June 2012 which is denominated in HKD (31 December 2011: RMB457,164,000).

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

(c) 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. Therefore, no ageing analysis for trade payables is presented.

(d) The balance mainly represents interest payables, accruals and other taxes payable excluding income tax.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

16. OTHER GAINS – NET

	Six months ended 30 June	
	2012	2011
Fair value gain on investment properties	**574,413**	–
(Loss)/gain on disposal of property, plant and equipment	**(165)**	14,319
Loss on disposal of investment properties	**–**	(29,602)
Interest income	**67,235**	45,933
Others	**8,427**	28,628
	649,910	59,278

17. OPERATING PROFIT

The following items which are unusual because of their nature, size or incidence, have been (credited)/charged to the operating profit during the period:

	Six months ended 30 June	
	2012	2011
Crediting:		
Reversal of provision for doubtful debts	**(5,382)**	(10,394)
Gain on disposal of property, plant and equipment	**(24)**	(14,763)
Charging:		
Provision for impairment of doubtful debts	**7,403**	8,263
Loss on disposal of property, plant and equipment	**189**	444
Loss on disposal of investment properties	**–**	29,602

(a) Non-financial assets that have an indefinite life are not subject to amortisation, but are tested for impairment annually at year-end (31 December) or whenever there is any indication of impairment. There was no indication of impairment for non-financial assets with indefinite lives during the period.

(b) Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. There was no indication of impairment during the period.

(c) Financial assets were reviewed for impairment as at 30 June 2012. There was no indication of impairment.

(All amounts in RMB Yuan thousands unless otherwise stated)

18. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
Interest on bank loans	**650,752**	633,918
Interest on corporate bonds (Note 14 (b))	**195,114**	193,559
Interest on senior notes (Note 14 (c))	**150,888**	52,659
Interest on other borrowings (Note 14 (d))	**323,437**	–
Interest on finance lease liabilities	**2,903**	–
	1,323,094	880,136
Less: interest capitalised	**(597,358)**	(374,236)
	725,736	505,900

The average interest rate applied for capitalisation of funds borrowed and used for the development of properties and property, plant and equipment is 8.50% per annum for the six months ended 30 June 2012 (six months ended 30 June 2011: 5.69%).

19. INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
Current income tax		
– PRC enterprise income tax (Note (b))	**540,539**	1,379,339
Deferred income tax	**85,986**	(645,668)
	626,525	733,671
Current PRC land appreciation tax (Note (c))	**629,611**	1,346,314
Total income tax expenses	**1,256,136**	2,079,985

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the six months ended 30 June 2012 (six months ended 30 June 2011: 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 six months ended 30 June 2012, the applicable income tax rate for the profits generated from property construction by a subsidiary was 25% based on taxable profits (six months ended 30 June 2011: 2.5% based on the revenue throughout the period); the applicable income tax rate for the profits generated from other business was primarily 25% (six months ended 30 June 2011: 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

20. DIVIDEND

	Six months ended 30 June	
	2012	2011
Interim dividend of RMB0.10 (2011: RMB0.20) per ordinary share	**322,237**	644,473
Less: dividend for shares held by Share Award Scheme	**(2,800)**	–
	319,437	644,473

A final dividend in respect of 2011 of RMB0.40 per ordinary share, totalling RMB1,288,948,000 was declared in the Company's Annual General Meeting on 25 May 2012, of which RMB12,800,000 was declared and paid for shares held by Share Award Scheme.

An interim dividend in respect of six months ended 30 June 2012 of RMB0.10 per ordinary share, totalling RMB322,237,000 was proposed by the board of directors (six months ended 30 June 2011: RMB644,473,000), of which RMB2,800,000 is to be paid for shares held by Share Award Scheme as at 30 June 2012. This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2012.

21. FINANCIAL GUARANTEE CONTRACTS

	As at	
	30 June 2012	31 December 2011
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**13,022,274**	12,514,920
Guarantees in respect of borrowings of jointly controlled entities and an associate (Notes (b) and 24(x))	**3,649,343**	3,991,260
	16,671,617	16,506,180

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; or (ii) completion of mortgage registration.

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 the maximum exposure of the guarantee provided for jointly controlled entities and an associate for their borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. COMMITMENTS

(a) Expenditure commitments for properties under development

	As at 30 June 2012	31 December 2011
Authorised but not contracted for	**4,082,905**	6,211,565
Contracted but not provided for	**13,712,000**	12,497,064
	17,794,905	18,708,629

(b) Operating lease commitments

At 30 June 2012, the Group had future aggregate minimum lease payments for buildings and aircraft under non-cancellable operating leases as follows:

	As at 30 June 2012	31 December 2011
Not later than one year	**18,314**	13,137
Later than one year and not later than five years	**34,052**	26,586
Over five years	**67,122**	72,840
	119,488	112,563

23. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

At 30 June 2012, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	As at 30 June 2012	31 December 2011
Not later than one year	**630,396**	507,650
Later than one year and not later than five years	**1,211,541**	1,030,269
Over five years	**767,779**	611,913
	2,609,716	2,149,832

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr Li Sze Lim and Mr Zhang Li (both are national of PRC), who owns 33.36% and 32.02% 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

	Six months ended 30 June	
	2012	2011
Common shareholders: 惠州市金鵝溫泉實業有限公司	**3,391**	6,157

ii) Provision of lease of properties

	Six months ended 30 June	
	2012	2011
Common shareholders: 廣州金貝殼投資有限公司(“廣州金貝殼”)	**650**	622
Associate: 廣州利合	**260**	1,453

iii) Drinking water system charges

	Six months ended 30 June	
	2012	2011
Common shareholders: 廣州越富環保科技有限公司	**787**	7,346

iv) Key management compensation

	Six months ended 30 June	
	2012	2011
Salaries and welfare benefits	**8,286**	10,065

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (continued)

v) Provision of property management services

	Six months ended 30 June	
	2012	2011
Associates:		
北京富盛利	**–**	426
廣州利合	**39**	144
	39	570
Common shareholders:		
廣州金貝殼	**111**	111

vi) Purchase of construction materials

	Six months ended 30 June	
	2012	2011
Associate:		
超力混凝土	**11,370**	53,294

vii) Provision of design services

	Six months ended 30 June	
	2012	2011
Jointly controlled entity:		
廣州市富景房地產開發有限公司(“廣州富景”)	**960**	3,973

viii) Provision of construction services

	Six months ended 30 June	
	2012	2011
Jointly controlled entity:		
瀋陽億隆房屋開發有限公司(“瀋陽億隆”)	**38,515**	71,083

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (continued)

ix) Lease of an aircraft under operating lease

	Six months ended 30 June	
	2012	2011
Common shareholders:		
Power Ease Investments Limited	**2,137**	–

x) Provision of guarantees for borrowings

(a) The Group and other shareholders have jointly provided guarantees for certain bank facilities granted to the Group's jointly controlled entities and an associate for project development purpose. Such guarantees are limited to the Group's proportionate interests in the jointly controlled entities and associate. As at 30 June 2012, the Group's proportionate guarantees for bank loans provided to its jointly controlled entities and associate are shown as follows:

	As at	
	30 June 2012	31 December 2011
Jointly controlled entities		
瀋陽億隆	**70,000**	195,000
廣州富景	**348,503**	350,070
Hines Shanghai New Jiangwan Development Co., Ltd ("Hines Shanghai")	**570,640**	567,490
惠州富茂房地產開發有限公司(“惠州富茂”)	**75,000**	–
上海城投悦城置業有限公司(“上海悦城”)	**478,300**	478,300
	1,542,443	1,590,860
Associate:		
廣州利合	**670,000**	772,500

(b) The Group and the other shareholders of 天津津南新城房地產開發有限公司(“津南新城”)and 惠州富茂, both jointly controlled entities, provided guarantees in proportion of their respective equity interests in 津南新城 and 惠州富茂 for their borrowings obtained from certain financing arrangements. As at 30 June 2012, the Group provided guarantees amounted to RMB709,000,000 (31 December 2011: RMB900,000,000).

(c) The Group and the other shareholders of 廣州利合 provided guarantees for its borrowings obtained from a financing arrangement. As at 30 June 2012 and 31 December 2011, the Group provided guarantees amounted to RMB727,900,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (continued)

xi) Balances with related parties

As at 30 June 2012, the Group had the following significant balances with related parties:

	As at 30 June 2012	31 December 2011
Due from:		
Jointly controlled entities		
– Non-trade balances		
Value Success Investment Limited	**85,526**	85,053
廣州富景	**82,036**	433,819
惠州富茂	**161,500**	351,500
津南新城	**560,621**	60,607
瀋陽富力會餐飲服務有限公司	**286**	286
廣州南沙經濟技術開發區森華木業有限公司（"森華木業"）(Note (a))	**–**	234,845
廣州市森華房地產有限公司（"森華房地產"）(Note (a))	**234,845**	–
瀋陽億隆	**236,545**	103,490
	1,361,359	1,269,600
– Trade balance		
瀋陽億隆	**107,014**	96,754
Associates		
– Non-trade balances		
廣州利合	**839,377**	1,139,377
北京粵商	**2,000**	2,000
北京富盛利	**–**	1,271
	841,377	1,142,648
	2,309,750	2,509,002

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (continued)

xi) Balances with related parties (continued)

	As at 30 June 2012	31 December 2011
Due to:		
Jointly controlled entities		
– Non-trade balances		
上海悅城	**312,000**	351,892
Hines Shanghai	**448,364**	457,164
	760,364	809,056
Associates		
– Non-trade balances		
盛安創富 (Note 14(d)(ii))	**–**	3,992
超力混凝土	**1,680**	–
– Trade balance		
超力混凝土	**45,264**	66,298
	46,944	70,290
	807,308	879,346

(a) The Group disposed of its equity interests in 森華木業 and jointly established 森華房地產 with the other shareholder in March 2012. The balance due from 森華木業 as at 31 December 2011 was transferred to 森華房地產.

(b) The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. The trade balances with related parties are interest free, unsecured and settled according to contract terms.

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Details of the interim dividend proposed are given in Note 20.