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

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

(Stock code: 2777)

2008 Interim Results Announcement

	Unaudited six months ended 30 June 2008 *(RMB'000)*	Unaudited six months ended 30 June 2007 *(RMB'000)*	Percentage changes
Turnover	4,182,049	3,197,188	+31%
Profit for the half-year attributable to equity holders of the Company	1,558,508	667,965	+133%
Basic earnings per share (in RMB)	0.4837	0.2073	+133%
Dividend per share (in RMB)	Nil	0.1500	N/A

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008. The condensed consolidated interim financial information which forms an integral part of this announcement is set out at the end of this announcement. The interim results have been reviewed by the audit committee of the Company.

RESULTS AND DIVIDEND

During the six months ended 30 June 2008, the Group's turnover rose by 31% and profit attributable to equity holders of the Company by 133% over that for the same period of 2007. Turnover for the period amounted to RMB4.182 billion which included RMB3.917 billion from sales of properties with 372,000 sq. m. of saleable area sold. Our profit for the period which included fair value gains from investment properties was RMB1.557 billion. Contracted sales from six cities met expectation and amounted to RMB7.9 billion, a 18% increase over the contracted sales for the six months ended 30 June 2007. The Board has resolved that no interim dividend be paid for the period.

BUSINESS REVIEW

In the first half of 2008, austerity measures implemented by the Central Government which aimed to prevent overheating of the economy and to control property prices at affordable level was in effect, creating uncertainties in the property market. Under such business environment, the Group has concentrated on the execution of its established strategies and proven business model.

After having established a presence in Western China where the Group has built up a sizable land bank in Chongqing and Chengdu as well as launched two projects in Chongqing in 2007, strategic geographical diversification has reached yet another stage. By the close of the current period, the Group was near to the launching of new projects in Taiyuan and Hainan. When pre-sale of the Taiyuan R&F City project subsequently commenced in July 2008, 329 units with a value of RMB186 million and represented over 60% of the units made available for sale were sold in the first week. Pre-sale of the Hainan R&F Bay Shore project was equally satisfactory with RMB130 million sales recorded in July 2008. Such encouraging market response not only attested to the competitiveness of our products but also gave us confidence that new projects in new cities will generate the momentum for future growth.

Although demand for property remains healthy, we do see moderate softening in property prices in the cities where we operate. Considering the current prices and other market factors, we will still strive to achieve our targeted contracted sales for the full year 2008 of RMB24 billion. We expect to be able to achieve this target with minor adjustments of selling prices to align with the market.

On the land bank front, the Group had a very good 2007 in which various plots of high-potential land were acquired at reasonable price and in good locations. Taiyuan is an excellent example. As at 30 June 2008, the Group's land bank stood at 26.17 million sq. m. With this key resource for project development sufficient to meet our development needs for the next three to five years safely secured, we could afford to significantly slow down the pace of land acquisition since the beginning of the year. This allowed us to consider only the best buying opportunities and also permitted flexibility in the deployment of liquid resources.

One major task of the Group is to keep on track the delivery schedule for not only 2008 but also the year beyond that will drive the growth of the Group. This is a very challenging task considering the huge GFA of the for-sale properties involved. GFA of 369,000 sq. m. were completed during the six months ended 30 June 2008 and 5,527,000 sq. m. of GFA were under construction on that date in 11 cities. For the second half of the year, we expect to complete another 2,000,000 sq. m. of GFA making a total of 2,369,000 sq. m. for 2008. We will use our excellent project management skill and will mobilize all the resources available to accomplish this massive construction activity.

The building up of a dedicated portfolio of investment properties is another important strategy of the Group. In the annual report for the year 2007, I reported that the Group's investment portfolio has come to fruition. Following the occupation of the Guangzhou R&F Center in November 2007 and the opening of the Ritz-Carlton, Guangzhou and the Grand Hyatt, Guangzhou earlier this year, the Group's Beijing portfolio including the Renaissance Beijing Capital Hotel, the Express of Holiday Inn Temple of Heaven Beijing and the R&F shopping mall were opened in July 2008 in time for the 2008 Olympics. The lease out of the Guangzhou R&F Center and the Beijing R&F shopping mall has been satisfactory while the occupancy of the hotels are expected to ramp up gradually. These and other existing investment properties will in time provide steady and reliable income stream and as they are high-quality properties carefully chosen, they can also be an excellent source of potential capital gain. We expect to add to this portfolio should high-quality opportunities arise but would emphasize that residential property development will remain the core business of the Group.

Throughout the period under review, the Group actively explored other financing platforms in addition to continually pursue the A share listing. We consider it vital, in the present tough environment, to be well prepared having more options for gaining access to capital.

PROSPECT

We are cautiously optimistic in respect of the PRC property market. We believe that despite market cooling measures, the demand for housing in China will remain huge given the irreversible urbanization trend. The Group as a top tier leading property developer in China which has the right expertise and a proven business model is well positioned to weather short-term ups and downs of the property market and grow from strength to strength in the long run.

FINANCIAL REVIEW

The profit for the six months ended 30 June 2008 increased 133% to RMB1,557.2 million from RMB667.8 million for the same period of 2007. A fair value gain after tax of RMB1,107.2 million recorded in the current period mainly upon the completion of the R&F shopping mall in Beijing was a main reason for the increase.

Turnover which comprised sales of properties, rental income, construction income and hotel operation revenue was RMB4.182 billion for the six months ended 30 June 2008 as compared to a turnover of RMB3.197 billion which comprised only sales of properties and rental income in the corresponding period of 2007. Sales of properties increased 24.3% to RMB3.917 billion (1H 2007: RMB3.150 billion) and represented 93.7% (1H 2007: 98.5%) of total turnover. In terms of saleable area, 372,000 sq. m. were sold, increased 14% over the 327,000 sq. m. for the first six months of

2007. Reflecting both the properties prices trend and the sale mix, average selling price rose to RMB10,530 per sq. m. from RMB9,630 per sq. m. Guangzhou projects accounted for 36% by value and 28% by saleable area of total sales of properties. With sales came mainly from R&F Sheng Yue Court which has an average selling price of RMB16,950 per sq. m. and Guangzhou R&F City which average selling price further increased by 15% from 2007's average to RMB9,350 per sq. m., average selling price for Guangzhou at RMB13,560 per sq. m. was above the overall average. Beijing sales represented 23% by value and 18% by saleable area of total sales and came mainly from three projects viz. Beijing R&F City, R&F Festival City and R&F Xinran Court. Beijing R&F City was the dominant project in the period accounted for 61% of total Beijing sales. Since Beijing R&F City's average selling price of RMB14,850 per sq. m. was much higher than the average selling price of R&F Festival City which was the key project in 2007, the average selling price of Beijing for the period increased to RMB13,520 per sq. m. from RMB11,080 for 2007. Tianjin with sales from two projects, Tianjin R&F City and R&F Jinmen Lake, came in top among all cities represented 36% by value and 44% by saleable area of total sales. The R&F Jinmen Lake project was acquired from a third party with certain portion of the project already pre-sold. Those units pre-sold at relatively lower average selling price of RMB7,300 per sq. m. were delivered in the period. However, with average selling price of Tianjin R&F City increased 24% over 2007's, overall Tianjin average selling price increased slightly to RMB8,600 per sq. m. Sales of Xian R&F City amounted to 5% by value and 10% by saleable area of the total sales.

Cost of sales included, in addition to land and construction costs, also sales tax, capitalized interest and amortization of land premium. Land and construction costs made up 84% of the total costs. Cost of construction materials and labour had been on a rising trend but with continuous effort on cost control and efficient materials procurement, the cost of construction per sq. m. on an average basis increased approximately a manageable 14% from the same period of 2007. Capitalized interest amounted to RMB142.3 million and accounted for 5.3% of total cost of sales or 3.6% of sales of properties, up from RMB33.6 million previously as a result of the steady escalation of interest rate in the past two years. Amortization of land premium on the other hand reduced to RMB19.7 million (1H 2007 : RMB46.3 million).

Overall gross profit margin for the period was 36.3% as compared to 38.8% for the corresponding period of 2007. The construction and hotel operation which commenced in the second half of 2007 and in the current period respectively had slightly affected the gross margin. Isolating their effect, gross margin of sales of properties (including rental income) was 37.4%. Thanked to higher selling prices which offset increased costs, most projects in fact achieved better margin in the period. However, in the case of the Tianjin R&F Jinmen Lake project, the relatively low selling prices locked in before acquisition of the project by the Group resulted in a lower gross margin. With the project accounted for 18% of the total sales of properties for the period, it is estimated that the project had lowered the gross margin of properties sales by approximately 4.0%.

The other gains of RMB1,504 million (1H 2007 : RMB181.4 million) mainly included the fair value gain of the Beijing R&F shopping mall completed in the period.

Selling and administrative expenses increased by RMB278.6 million from RMB270.1 million for the six months ended 30 June 2007 to RMB548.7 million for the period. Taking out the expenses of the hotel and construction operation of RMB217.5 million, the increase in selling and administrative expenses was RMB61.1 million or 23%. Separately, selling expenses decrease 17% with the Group having managed to reduce advertising expenditures through efficient advertising program. Increase in administrative expenses was 37%. The increase was mainly in the area of staffing related costs as the Group continued to strengthen its organization and upgrade its employee compensation in general.

Interest expenses for the period increased to RMB787.2 million (1H 2007 : RMB299.8 million) as a result of borrowings increased to RMB20,590 million at 30 June 2008 from RMB13,761 million at 30 June 2007 and average interest rate increased 1.3% to 7.06%. Of this interest expenses, RMB680.2 million (1H 2007 : RMB270.2 million) had been capitalized with the balance RMB107.0 million (1H 2007 : RMB29.6 million) charged directly to income and if aggregate with the capitalized interest in cost of sales, total interest expenses included in the results of this period amounted to RMB249.3 million as compared to RMB63.2 million for the same period in 2007.

Income tax expenses included the charge for enterprise income tax (“EIT”) and land appreciation tax (“LAT”). LAT for the period amounted to RMB207.9 million (1H 2007: RMB191.2 million) and equivalent to 5.3% (1H 2007: 6.1%) of sales of properties. EIT amounted to RMB585.3 million giving an effective tax rate of 27.3%. A certain subsidiary which was taxed based on turnover and certain non-deductible expenses caused the effective rate to deviate slightly from the standard rate of 25%.

Profit for the period increased 133% to RMB1,557.2 million with a net margin of 37.2% (1H 2007: RMB667.8 million and 20.9% respectively). Excluding the fair value gain of investment properties, profit would be RMB450 million and net margin 10.8% (1H 2007 : RMB542 million and 16.9% respectively). The construction and hotel operation had short-term negative impact on net profit; due to the amortization of part of the purchase price of Tianli Construction Co. Ltd. and that the occupancy of the two Guangzhou hotels opened in the period would only improve over time, net profit for the period was reduced by approximately RMB216 million and net margin reduced by approximately 5.2%. Selling and administrative expenses as a percentage of total turnover was also higher due to the disproportional turnover of the first six month to that of the full year and affected net margin. The effect of these aforementioned factors on the net margin of the full year is expected to be much more limited in extent.

OTHER INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries, nor its jointly controlled entity has purchased, redeemed or sold any of the Company's listed securities.

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 2008.

Compliance with the Code on Corporate Governance Practices

The Group have been 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 2008.

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 to 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.

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. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2008. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited results 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.

Dividend

The Board has resolved that no interim dividend would be paid for the six months ended 30 June 2008 (for the six months ended 30 June 2007 : RMB0.15 per share).

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
14 August 2008, Hong Kong

As at the date of this announcement, the Board of the Company comprises (1) Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing as executive directors; (2) Ms. Zhang Lin and Ms. Li Helen as non-executive directors and (3) Mr. Huang Kaiwen, Mr. Dai Feng and Mr. Lai Ming, Joseph as independent non-executive directors.

* *For identification purpose only*

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated interim balance sheet

	Note	30 June 2008 Unaudited	31 December 2007 Audited
ASSETS			
Non-current assets			
Land use rights		9,088,987	10,342,679
Properties held for development		1,809,563	2,859,095
Property, plant and equipment		3,310,847	2,390,260
Investment properties		7,363,831	5,366,774
Intangible assets		921,454	1,019,806
Interests in jointly controlled entities		404,532	405,311
Investments in associates		36,737	35,216
Deferred income tax assets		417,894	297,155
Available-for-sale financial assets		181,867	416,000
Trade and other receivables	5	2,132,124	1,900,995
Total non-current assets		25,667,836	25,033,291
Current assets			
Properties under development		14,185,102	12,357,422
Available-for-sale financial assets		234,133	-
Completed properties held for sale		3,912,693	3,943,484
Land use rights		6,342,866	5,047,634
Inventories		229,688	177,233
Trade and other receivables	5	3,565,162	4,654,746
Tax prepayments		1,131,848	695,515
Cash		1,238,601	1,329,691
Restricted cash		699,748	956,875
Total current assets		31,539,841	29,162,600
Total assets	4	57,207,677	54,195,891
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		805,592	805,592
Other reserves		4,434,497	4,434,497
Retained earnings			
- Proposed final dividend	12	-	805,592
- Others		8,140,686	6,579,860
		13,380,775	12,625,541
Minority interest in equity		72,992	74,339
Total equity		13,453,767	12,699,880

Condensed consolidated interim balance sheet (continued)

LIABILITIES			
Non-current liabilities			
Long-term bank loans		12,516,250	12,532,500
Long-term payables		272,000	272,000
Deferred income tax liabilities		1,773,366	1,439,428
Total non-current liabilities		14,561,616	14,243,928
Current liabilities			
Accruals and other payables	6	9,391,168	11,135,489
Deposits received on sale of properties		9,664,836	6,542,480
Current income tax liabilities		2,062,889	2,206,847
Short-term bank loans		2,583,601	3,803,267
Current portion of long-term bank loans		5,489,800	3,564,000
Total current liabilities		29,192,294	27,252,083
Total liabilities		43,753,910	41,496,011
Total equity and liabilities		57,207,677	54,195,891
Net current assets		2,347,547	1,910,517
Total assets less current liabilities		28,015,383	26,943,808

Condensed consolidated interim income statement

	Note	Unaudited Six months ended 30 June 2008	2007 Restated
Turnover	4	4,182,049	3,197,188
Cost of sales		(2,664,062)	(1,957,097)
Gross profit		1,517,987	1,240,091
Other gains	7	1,504,344	181,445
Selling and administrative expenses		(548,713)	(270,134)
Other operating expenses		(17,013)	(23,637)
Operating profit	8	2,456,605	1,127,765
Finance costs - net	9	(106,982)	(29,599)
Share of gains of jointly controlled entities		1,521	-
Share of losses of associates		(779)	-
Profit before income tax		2,350,365	1,098,166
Income tax expense	10	(793,204)	(430,350)
Profit for the period		1,557,161	667,816
Attributable to:			
– Equity holders of the Company		1,558,508	667,965
– Minority interest		(1,347)	(149)
		1,557,161	667,816
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in RMB Yuan per share)	11	0.4837	0.2073
Dividend	12	-	483,355
Dividend per share, expressed in RMB per share	12	-	0.1500

Condensed consolidated interim statement of changes in equity

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2007	805,592	4,092,217	3,348,843	8,246,652	280,848	8,527,500
Profit for the period	-	-	667,965	667,965	(149)	667,816
Reduction of minority interest resulting from acquisition of additional interests in a subsidiary	-	-	-	-	(229,577)	(229,577)
Capital contributions from a minority shareholder	-	-	-	-	400	400
Acquisition of subsidiaries	-	-	-	-	149	149
Dividend paid to minority shareholders	-	-	-	-	(29,534)	(29,534)
Dividend relating to 2006 paid in June 2007	-	-	(644,473)	(644,473)	-	(644,473)
Balance at 30 June 2007	805,592	4,092,217	3,372,335	8,270,144	22,137	8,292,281
Balance at 1 January 2008	805,592	4,434,497	7,385,452	12,625,541	74,339	12,699,880
Profit for the period	-	-	1,558,508	1,558,508	(1,347)	1,557,161
Dividend relating to 2007 paid in June 2008	-	-	(803,274)	(803,274)	-	(803,274)
Balance at 30 June 2008	805,592	4,434,497	8,140,686	13,380,775	72,992	13,453,767

Notes to the condensed consolidated interim financial information

1 General information

The Company was established in the People's Republic of China (the "PRC") on 31 August 1994 as a company with limited liability under the Company Law of the PRC. The Company is primarily engaged in the development and sales of properties, property investment and hotel operation in the PRC. The address of its registered office is 45-54/F, R&F Center, Pearl River New Town, No.10 Hua Xia Road, Guangzhou 510623, PRC.

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

This condensed consolidated interim financial information was approved for issue on 14 August 2008.

2 Basis of preparation

This condensed consolidated interim financial information for the six-month ended 30 June 2008 has been prepared in accordance with 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 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, 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.

The following interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

HK(IFRIC) – Int 11	'HKFRS2 – Group and treasury share transactions'
HK(IFRIC) - Int 12	'Service concession arrangement'
HK(IFRIC) - Int 14	'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

HKFRS 8	'Operating segments'
HKAS 23 (amendment)	'Borrowing costs'
HKFRS 2 (amendment)	'Share-based payment'
HKFRS 3 (amendment)	'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures'
HKAS 1 (amendment)	'Presentation of financial statements'

HKAS 32 (amendment)	'Financial instruments: presentation'
HK(IFRIC) – Int 13	'Customer loyalty programmes'

The effect of the adoption of HKFRS 3 (revised) is being assessed by the management while the adoption of the other new standards, amendments to standards and interpretations listed above in future period is not expected to result in material impact.

4 Turnover and segment information

The Group is principally engaged in the property development and property investment and hotel operations. The Group operates in the PRC and the sales of properties are mainly in Guangzhou, Beijing, Tianjin and Xi'an. Turnover represents sales of properties, rental income and income from hotel operation.

No business segment analysis is presented as the Group's turnover and results were mainly derived from property development.

	Six months ended 30 June	
Turnover	**2008**	**2007**
Sales of properties	3,917,442	3,149,614
Income from construction services	163,191	-
Rental income	59,360	47,574
Income from hotel operations	42,056	-
	4,182,049	3,197,188

	Six months ended 30 June	
Turnover by geographical location	**2008**	**2007**
Guangzhou	1,645,608	1,588,308
Beijing	921,013	1,219,581
Tianjin	1,415,793	389,299
Xian	199,635	-
	4,182,049	3,197,188

Segment turnover is presented based on the places where the properties are located.

	As at	
Total assets	**30 June 2008**	**31 December 2007**
Guangzhou	21,018,038	20,489,975
Beijing	15,644,539	13,652,574
Tianjin	8,886,641	10,590,559
Chongqing	4,253,317	3,709,430
Xian	1,413,794	736,159
Others	5,991,348	5,017,194
	57,207,677	54,195,891

Segment assets are presented based on where the assets are located.

Capital expenditure	**Six months ended 30 June**	
	2008	**2007**
Guangzhou	974,268	818,229
Beijing	169,531	231,540
Tianjin	3,663	500,745
Chongqing	12,705	128,603
Hainan	339	358,818
Xian	240	1,383
Others	5,348	570
	1,166,094	2,039,888

Capital expenditure is allocated based on where the assets are located.

5 Trade and other receivables

	As at	
	30 June 2008	**31 December 2007**
Trade receivables (Note)		
- Due from jointly controlled entities	187,749	199,038
- Due from related parties	13,196	191,874
- Due from third parties	1,239,663	1,240,528
	1,440,608	1,631,440
Other receivables	788,356	1,154,461
Prepayments	2,785,526	3,072,926
Due from jointly controlled entities	698,592	722,725
Due from related parties	8,824	-
Less: provision for impairment of other receivables	(24,620)	(25,811)
	5,697,286	6,555,741
Less: non-current portion	(2,132,124)	(1,900,995)
Current portion	3,565,162	4,654,746

The carrying amounts of the Group’s trade and other receivables, net of provision for impairment, are denominated in the following currencies:

	As at	
	30 June 2008	**31 December 2007**
RMB	5,697,286	6,432,988
USD	-	122,753
	5,697,286	6,555,741

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

Note:

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sales and purchase agreements. Purchasers of certain office units are required to settle the outstanding balances within 12 months as specified in the sales and purchase agreements. The ageing analysis of trade receivables at 30 June 2008 is as follows:

	As at	
	30 June 2008	**31 December 2007**
0 to 90 days	351,579	1,341,904
91 to 180 days	100,292	111,436
181 to 365 days	914,063	90,000
1 year to 2 years	44,176	50,747
Over 2 years	30,498	37,353
	1,440,608	1,631,440

6 Accruals and other payables

	As at	
	30 June 2008	**31 December 2007**
Amounts due to jointly controlled entities (Note a)	458,810	778,305
Amounts due to associates (Note a)	146,206	63,605
Amounts due to related parties (Note b)	234,886	-
Construction payables (Note c)	4,857,549	6,149,878
Other payables and accrued charges	3,693,717	4,143,701
	9,391,168	11,135,489

All payable and accrual balances are denominated in RMB.

Note:

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

(b) The amounts are unsecured, interest free and are repayable on demand, except for a RMB200 million which is subject to annual benchmark lending rate and is 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 carrying amounts of accruals and other payables approximate their fair value.

7 Other gains

	Six months ended 30 June	
	2008	**2007**
Fair value gains on investment properties	1,476,266	167,901
Interest income	20,572	13,099
Others	7,506	445
	1,504,344	181,445

8 Operating profit

The following items have been credited / charged to the operating profit during the period:

	Six months ended 30 June	
	2008	2007
Crediting:		
Reversal of provision for doubtful debts	(4,980)	-
Charging:		
Depreciation	49,075	11,419
Amortisation of intangible assets	28,384	89
Amortisation of land use rights	22,542	47,231
Provision for impairment of other receivables	3,789	10,275
Loss on disposal of property, plant and equipment	177	-

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.

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.

9 Finance costs

	Six months ended 30 June	
	2008	2007
Interest on bank loans	787,189	299,755
Less: Amount capitalised in property, plant and equipment and properties under development	(680,207)	(270,156)
	106,982	29,599

The average interest rate applied for capitalisation of funds borrowed generally and used for the development of properties is 7.01% per annum for the six months ended 30 June 2008 (30 June 2007: 5.89%).

10 Income taxes

	Six months ended 30 June	
	2008	**2007 Restated**
Current income tax		
– PRC enterprise income tax (Note b)	338,426	394,215
Deferred income tax	246,893	(155,098)
	585,319	239,117
Current PRC land appreciation tax (Note c)	207,885	191,233
Total income tax expenses	793,204	430,350

(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 2008 (six months ended 30 June 2007: Nil).

(b) PRC enterprise income tax

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

For six months ended 30 June 2008, the applicable income tax rate for the profits generated from property construction by a subsidiary was 3% based on the turnover throughout the period; the applicable income tax rate for the profits generated from companies other than the above subsidiary was 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.

11 Earnings per share

Earnings per share attributable to equity holders of the Company arises from operations are as follows:

	Six months ended 30 June	
	2008	**2007**
Profit attributable to equity holders of the Company (RMB thousands)	1,558,508	667,965
Weighted average number of ordinary shares in issue (thousands)	3,222,367	3,222,367
Earnings per share (RMB per share)	0.4837	0.2073

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

12 Dividend

A 2007 final dividend of RMB0.25 per ordinary share, totalling RMB803,274,000 was paid in June 2008.

No interim dividend in respect of six months ended 30 June 2008 was proposed by the board of directors (2007: RMB0.15 per ordinary share, totalling RMB483,355,000).

13 Reclassification of comparative figures

Within the comparative figures stated in the condensed consolidated interim financial information, land appreciation tax expense of RMB191,233,000 previously included in cost of sales for the six months ended 30 June 2007 was reclassified as income tax expense in the condensed consolidated income statement.

The above reclassification are made so as to conform to current period's presentation as the Company's directors are of the view that it would be more appropriate to reflect the land appreciation tax as an income tax expense in the current period, after a reassessment of the nature of land appreciation tax and a study of the market practices.