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 Annual Results Announcement

- **Turnover up 4% to RMB15.36 billion**
- **Net Profit decreased 41% to RMB3.153 billion**
- **Per share earnings decreased 41% to RMB0.9727 per share**
- **Proposed final dividend of RMB0.28 per share**

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008. The annual results have been reviewed by the audit committee of the Company.

Chairman's Statement

After the global economic challenges arising in 2008, the year ended on a series of positive notes as the PRC government took proactive steps to stabilize markets and mitigate the impact of the global credit crunch on China. For property developers such as our Group, these developments have brought a renewed confidence in our prospects for 2009. During 2008 we adjusted expectations and scaled down certain sales targets to reflect the changing macro-environment. Now, with new and robust government measures in place, we are seeing renewed market confidence and a growing appetite for property. As a result, we are cautiously optimistic about our prospects for the year ahead. Already in 2009, we have enjoyed the best January and February sales results in the company history which reached RMB3.43 billion, and the momentum gained from this has carried us into a strong March also.

Our results for 2008 reflect the wider economic fluctuations of the year past. We achieved a total turnover of RMB15.36 billion and net profit amounted to RMB3.153 billion. These figures by comparison with last year's turnover and profit, represented an increase of 4% and a fall of 41% respectively.

In the light of this, the Board has proposed a final dividend of RMB0.28 per share, subject to approval from our shareholders at the annual general meeting.

China economic stimuli

Economic confidence began to be restored in China from late 2008, as the government adjusted its macro-economic policies to boost markets across the board, including the property market. In November, it unveiled an economic stimulus package worth RMB4 trillion, supplemented by reductions in interest rates totaling 1.35 percentage points by the end of the year. This was a very clear signal that the government's earlier strategy of imposing austerity measures to rein in the property sector was over: instead, as the credit crunch impacted on China, the government moved quickly to foster stability and healthy development of the property industry. The stimulus package included measures designed to expand domestic consumption, stimulate growth, and stabilize the property market. As a sign of its commitment to maintaining a healthy property sector in China, the government officially designated the property industry a "Key Pillar Industry of the People's Economy".

In early December 2008, the government declared that one of its main priorities for 2009 would be to ensure the stability of the capital and real estate markets in China, as well as to ease the burden on first-home buyers. Following up on this, mortgage policies for second-home buyers were relaxed and business tax on real estate sales was waived under certain conditions. The 5.5% sales tax had previously been levied on all properties sold within five years of purchase; the new ruling reduced the wait necessary for tax-free sale to just two years. In the same month the government also sent out a strong message that stabilization of the property market was also the duty of local government, by announcing the cancellation of city property tax. Other measures introduced included the provision of mortgage support for people upgrading their homes.

This raft of measures to invigorate the property industry and support homebuyers has brought new confidence to the sector, and many analysts believe that, in China, barring unforeseen circumstances, the worst of the credit crisis is now over. At Guangzhou R&F Properties, we are already seeing confidence strengthen in early 2009, and we expect property prices to stabilize and transaction volume may rebound soon.

New measures and new confidence

With high quality products, a substantial land bank of prime land for future development, and a stable financial position, we believe that Guangzhou R&F Properties is one of the property development companies best positioned to benefit from the eventual upturn in the market. The trend towards urbanization in China is a massive one, which will continue inexorably despite market fluctuations from time to time. With proven expertise and a sound business model, we remain ideally placed to provide China with high-quality housing and reap good returns for our shareholders in the future.

Residential property developments in 2008

In July 2008 we began pre-sales of our Taiyuan R&F City project, to strong public interest. Within just the first week, a total of 329 units valued at RMB186 million were sold, representing over 60%

of the total units put on sale. At the same time we enjoyed equally strong pre-sales from our Hainan R&F Bay Shore development, where we achieved RMB130 million in sales.

Other highlights for 2008 included sales at R&F Ying Feng Plaza in Pearl River New Town, which registered sales worth RMB115 million in just two weeks. Late in 2008, the Group launched a major new project in the old district of Guangzhou called R&F Golden Jubilee Garden. Within just four days of sales beginning on 27 November, 149 units in the complex were sold for a total of RMB190 million. The momentum continued into December at this popular development, with a further RMB180 million worth of apartments sold in that month.

In Beijing, meanwhile, the Group's R&F Danish Town project consisting of villa-style houses and apartments, was launched on 25 October. First day sales alone racked up RMB180 million for this prestige location, and continued strong thereafter. To date, sales to the value of RMB470 million have been made.

During the year the Group was also involved in construction projects for which total GFA amounted to 5.8 million square meters. Up to the end of February 2009, we have in hand pre-sale permits for a total of around 1.83 million sq.m., or approximately RMB18 billion worth of sales. Further pre-sale permits for residential and commercial development worth an additional RMB16 billion are expected to be obtained in the near future, giving the Group pre-saleable properties with a total combined value of around RMB34 billion, an ample amount for the year ahead.

Land bank acquisition

As at 31 December 2008, the Group's land bank stood at 25.4 million sq.m., a resource that will meet our development needs for the next three to five years. Given this, and bearing in mind the economic environment of the second half of the year, we have been able to slow down our pace of land bank acquisition considerably in recent months.

Investment portfolio

The Group is one of the few mainland property development companies to have a substantial portfolio of properties held specifically for rental purposes, made up of high-quality retail, office and hotel buildings. At the date of this report, the market valuation of our completed investment properties was approximately RMB15 billion. They include four hotels which between them offer a total of 1,590 rooms, along with two international grade-A office towers and two shopping complexes with a total of 350,000 square meters of leasable space. Besides providing the Group with a stable source of rental income, our investment properties represent growing capital value over the longer term. They can also act as excellent securities for acquiring longer term finance for new development projects.

Our rental income was boosted in 2008 with the opening, towards the beginning of the year, of the Ritz-Carlton and Grand Hyatt hotels in Guangzhou. A little later, in July, a number of our Beijing investment properties were launched in time for the Beijing Olympics. These included the Renaissance Beijing Capital Hotel, the Holiday Inn Express Beijing Temple of Heaven, and the Beijing R&F Plaza. All these properties are new and are still establishing their reputations.

Occupancy of the hotels has naturally been affected by the global financial crisis, but we expect this high-quality accommodation to achieve good patronage in due course. Leasing at the Beijing R&F Plaza has meanwhile been satisfactory.

As we have emphasized in the past, residential property development will remain our core business, with investment property representing a small-scale diversification. In particular, given the current economic climate, we expect the pace at which we acquire or develop further investment properties to slow selectively in 2009.

2009 sales targets

In a sign of our optimism about China's property industry, we have set the Group's contracted sales target for 2009 with confidence at approximately RMB22 billion, some 37% higher than the contracted sales for 2008. As in the past, we will review these sales targets quarterly and adjust them in the light of changing market conditions. Our 2009 sales targets are drawn from a total of 38 projects scattered right around the country, so that we avoid over-reliance on any single region or local economy. In terms of overall value, we expect southern China to account for 40% of contracted sales, northern China for 45%, western China for 11%, and eastern China for 4%.

We take our contracted sales very seriously, not least because of their value in providing us with speedy cash returns on our developments. To make sure we turn these targets into realities, we have made sales and marketing one of the key components of our 2009 plan. For example, we are looking to improve our promotional tactics, and to be very quick in adjusting selling prices to match market conditions. In particular, we will be delegating more responsibility to our regional offices, making profitable sales their core activity.

Proactive initiatives in the face of new challenges

In the light of the current environment, the Group expects to pay stringent attention in the coming year to implementing cost control measures: for instance by using fixed price contracts, and by improving a platform that will enable materials to be sourced at optimum prices. We will also be tightening up on our operational management and generally working towards improved efficiency all round, with the aim of continuing to produce value for money products while maintaining our profit margins. If possible, we will look to improve efficiency through vertical integration, for example by forming specialized team internally that will provide us with services such as electrical and mechanical engineering, interior decoration, and landscaping.

We are also looking to improve our ratio of net debt to equity, with the aim of reducing it to around 80% by the end of 2009. We are exploring a number of measures to help us achieve this, which include boosting our cash flow from operations through better cost controls and faster sales from flexible pricing arrangements. We will also continue to look for reputable and financially proven joint venture partners whose expertise complements our own, and with whom we can co-develop projects while sharing expenses and risk.

In terms of consolidating our financial platforms and improving our debt capital structure, we will be looking at options for procuring types of financial support other than commercial bank loans.

This may include utilizing the proposed domestic corporate bonds, while also continuing to pursue our proposed A-share listing. In addition, where appropriate, we may consider disposing of investment properties in cases where their full value can be realized and disposal would not affect the Group's overall investment strategy.

Moving forward with confidence and vigour

Despite the challenges of 2008, the Group enters 2009 in a stable financial position, with a promising land bank, high quality projects that remain in demand, and an excellent reputation. We believe the Group remains one of China's biggest and best property development companies, and that renewed market stability will provide the impetus we need to move ahead strongly. We will remain focused on our traditional profit centers of Guangzhou, Beijing and Tianjin, where we have enjoyed so much success. However, we have now established a strategic presence nationally, with activities in over ten cities. Given this range of locations and potential customers, we will continue to develop and revamp our existing product lines to maximize potential for growth.

In conclusion, we want as always to thank our Group's fine set of shareholders, investors, business associates and customers. The confidence they have shown in the Group and its business strategies over the past year have made our task of working in such a difficult macro-environment that much easier. We must also thank our fellow directors and, of course, all the Group's staff members for their dedication and commitment. Having been braced by a year of challenge, we are excited about launching ourselves into a new year, ready to stand at the forefront of the market as a model of an intelligent, high-quality property developer.

Consolidated Income Statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2008	2007
Turnover	2	15,360,151	14,771,919
Cost of sales	4	(10,181,850)	(9,226,030)
Gross profit		5,178,301	5,545,889
Other gains - net	3	1,520,892	3,385,097
Selling and administrative expenses	4	(1,306,133)	(671,306)
Other operating income / (expenses) - net	4	30,752	(43,227)
Operating profit		5,423,812	8,216,453
Finance costs	5	(341,202)	(102,929)
Share of results of jointly controlled entities		(479)	(52)
Share of results of associates		7,812	(3,866)
Profit before income tax		5,089,943	8,109,606
Income tax expense	6	(1,936,861)	(2,794,367)
Profit for the year		3,153,082	5,315,239
Attributable to:			
Equity holders of the Company		3,134,372	5,302,786
Minority interest		18,710	12,453
		3,153,082	5,315,239
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in RMB Yuan per share)	8	0.9727	1.6456
Dividends	7	902,263	1,288,445
Dividend per share (expressed in RMB Yuan per share)		0.28	0.40

Consolidated Balance Sheet
(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
ASSETS	**Note**	**2008**	**2007**
Non-current assets			
Land use rights		7,852,506	10,342,679
Properties held for development		3,641,129	2,859,095
Property, plant and equipment		3,367,336	2,390,260
Investment properties		7,360,581	5,366,774
Intangible assets		876,328	1,019,806
Interests in jointly controlled entities		628,998	405,311
Interests in associates		43,028	35,216
Deferred income tax assets		310,984	297,155
Available-for-sale financial assets		132,903	416,000
Trade and other receivables	9	365,539	1,900,995
		24,579,332	25,033,291
Current assets			
Properties under development		10,858,159	12,357,422
Available-for-sale financial assets		171,097	-
Completed properties held for sale		6,419,998	3,943,484
Land use rights		6,141,743	5,047,634
Inventories		116,986	177,233
Trade and other receivables	9	3,914,990	4,654,746
Tax prepayments		712,354	695,515
Restricted cash		603,288	956,875
Cash		1,449,668	1,329,691
		30,388,283	29,162,600
Total assets		54,967,615	54,195,891
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		805,592	805,592
Other reserves		4,350,497	4,434,497
Retained earnings			
- Proposed final dividend		902,263	805,592
- Others		8,814,287	6,579,860
		14,872,639	12,625,541
Minority interest in equity		93,049	74,339
Total equity		14,965,688	12,699,880

LIABILITIES	As at 31 December 2008	2007
Non-current liabilities		
Long-term bank loans	10,982,500	12,532,500
Long-term payables	136,000	272,000
Deferred income tax liabilities	1,648,911	1,439,428
	12,767,411	14,243,928
Current liabilities		
Accruals and other payables	9,264,791	11,135,489
Deposits received on sale of properties	6,117,317	6,542,480
Current income tax liabilities	2,363,986	2,206,847
Short-term bank loans	2,188,922	3,803,267
Current portion of long-term bank loans	7,299,500	3,564,000
	27,234,516	27,252,083
Total liabilities	40,001,927	41,496,011
Total equity and liabilities	54,967,615	54,195,891
Net current assets	3,153,767	1,910,517
Total assets less current liabilities	27,733,099	26,943,808

1. General information

The Company and its subsidiaries mainly engages in the development and sale of properties 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 Huaxia Road, Pearl River New Town, Guangzhou 510623, the PRC.

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

These consolidated financial statements are presented in thousands of units of RMB Yuan (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2009.

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

(a) Amendment effective in 2008 and relevant to the Group's operations

HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met . The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(b) Interpretations effective in 2008 but not relevant to the Group's operations

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the Group's operations:

- HK(IFRIC) – Int 11, 'HKFRS 2 – Group and treasury share transactions'.
- HK(IFRIC) – Int 12, 'Service Concession arrangements'.
- HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'.

2. Turnover and segment information

The Group is principally engaged in the property development, construction, property investment and hotel operations. As all of the Group's consolidated turnover and results are attributable to the market in the PRC and all of the Group's consolidated assets are located in the PRC, no geographical segment information is presented.

The segment information for the year ended 31 December 2008 is as follows:

	Property development	**Construction**	**Property investment**	**Hotel operations**	**Elimination**	**Group**
Turnover						
Gross segment turnover	14,729,468	5,040,592	168,943	196,710	-	20,135,713
Inter-segment turnover	-	(4,750,184)	(11,963)	(13,415)	-	(4,775,562)
	14,729,468	290,408	156,980	183,295	-	15,360,151
Gross profit/(loss)	4,994,622	550,291	159,651	(21,357)	(504,906)	5,178,301
Operating profit/(loss)	4,100,220	435,352	1,555,611	(187,843)	(479,528)	5,423,812
Finance costs						(341,202)
Share of results of jointly controlled entities						(479)
Share of results of associates						7,812
Profit before income tax						5,089,943
Income tax expense						(1,936,861)
Profit for the year						3,153,082
Depreciation	53,090	1,043	-	77,709	-	131,842
Amortisation	2,350	-	-	8,883	135,639	146,872
(Reversal of)/Provision for impairment of receivables	(2,247)	940	(12)	(463)	-	(1,782)
Gross segment assets	42,281,610	2,977,082	7,360,581	3,323,586	(2,262,254)	53,680,605
Interests in jointly controlled entities						628,998
Interests in associates						43,028
Deferred income tax assets						310,984
Available-for-sale financial assets						304,000
Total assets						54,967,615
Gross segment liabilities	13,435,222	2,161,437	-	1,630,167	(1,708,718)	15,518,108
Current income tax liabilities						2,363,986
Deferred income tax liabilities						1,648,911
Bank loans						20,470,922
Total liabilities						40,001,927
Capital expenditure	195,440	39,688	520,791	948,883	-	1,704,802

The segment information for the year ended 31 December 2007 is as follows:

	Property development	Construction	Property investment	Hotel operations	Elimination	Group
Turnover						
Gross segment turnover	14,461,211	3,034,938	96,634	-	-	17,592,783
Inter-segment turnover	-	(2,820,864)	-	-	-	(2,820,864)
	14,461,211	214,074	96,634	-	-	14,771,919
Gross profit	5,334,620	397,987	91,319	-	(278,037)	5,545,889
Operating profit	4,995,163	370,667	3,128,660	-	(278,037)	8,216,453
Finance costs						(102,929)
Share of results of jointly controlled entities						(52)
Share of results of associates						(3,866)
Profit before income tax						8,109,606
Income tax expense						(2,794,367)
Profit for the year						5,315,239
Depreciation	35,179	586	-	-	-	35,765
Amortisation	78,084	-	-	-	72,376	150,460
Provision for impairment of receivables	2,335	1,479	-	-	-	3,814
Gross segment assets	44,236,348	2,860,887	5,366,774	2,383,090	(1,804,890)	53,042,209
Interests in jointly controlled entities						405,311
Interests in associates						35,216
Deferred income tax assets						297,155
Available-for-sale financial assets						416,000
Total assets						54,195,891
Gross segment liabilities	16,637,646	1,945,765	-	852,367	(1,485,809)	17,949,969
Current income tax liabilities						2,206,847
Deferred income tax liabilities						1,439,428
Bank loans						19,899,767
Total liabilities						41,496,011
Capital expenditure	694,721	36,229	1,359,202	1,078,815	-	3,168,967

3. Other gains – net

	2008	2007
Gain on disposal of subsidiaries	-	202,503
Fair value gain on investment properties - net	1,473,016	3,081,419
Others	47,876	101,175
	1,520,892	3,385,097

4. Expenses by nature

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

	2008	2007
Crediting		
Reversal of provision for doubtful debts	(5,756)	-
Gain on sale of properties to the Directors	(40,536)	-
	(46,292)	-
Charging:		
Cost of completed properties sold	9,058,115	8,218,782
Employee benefit expense	543,317	283,252
Amortisation of land use rights, software and customer contracts	146,872	150,460
Office expenses	119,040	62,266
Depreciation	131,842	35,765
Business taxes and other levies	899,991	856,988
Loss on sale of property, plant and equipment	666	2,736
Auditors' remuneration	5,850	6,050
Operating lease payments	20,740	17,463
Provision for doubtful debts	3,974	3,814
Advertising cost	142,440	115,040
Others	430,676	187,947
	11,503,523	9,940,563
	11,457,231	9,940,563

5. Finance costs

	2008	2007
Interest on bank loans	1,578,600	909,487
Less: amount capitalised in property, plant and equipment and properties under development	(1,237,398)	(806,558)
	341,202	102,929

The average interest rate applied for capitalisation of funds borrowed generally and used for the development of properties is 6.81% per annum for the year ended 31 December 2008 (2007: 6.37%).

6. Income tax expense

	2008	2007
Current income tax		
– PRC enterprise income tax (Note (b))	919,764	1,433,287
Deferred income tax	223,654	645,393
	1,143,418	2,078,680
Current PRC land appreciation tax (Note (c))	793,443	715,687
Total income tax expenses	1,936,861	2,794,367

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (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 the year ended 31 December 2008, the effective income tax rate for the profits generated from property construction by a subsidiary was 3% (2007: 3.9%) 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% (2007: 33%) 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.

7. Dividends

	2008	2007
Interim dividend paid of RMB Nil (2007: RMB0.15) per ordinary share	-	482,853
Proposed final dividend of RMB0.28 (2007: RMB0.25) per ordinary share	902,263	805,592
	902,263	1,288,445

A 2007 final dividend of RMB0.25 per ordinary share, totaling 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 (six months ended 30 June 2007: RMB0.15 per ordinary share, totaling RMB483,355,000).

2008 final dividend of RMB0.28 (2007: RMB0.25) per ordinary share, amounting to a total dividend of RMB902,263,000 which is based on the number of shares as at 31 December 2008 is to be approved by the shareholders at the Annual General Meeting on 27 May 2009 which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2009. These financial statements do not reflect this dividend payable.

8. Basic and diluted earnings per share

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

	2008	**2007**
Profit attributable to equity holders of the Company	3,134,372	5,302,786
Weighted average number of ordinary shares in issue (thousands)	3,222,367	3,222,367
Earnings per share (RMB per share)	0.9727	1.6456

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

9. Trade and other receivables

	2008	**2007**
Trade receivables		
- Due from jointly controlled entities (Notes (a))	19,679	-
- Due from related parties (Notes (a))	181,790	191,874
- Due from third parties (Note (a))	617,265	1,240,528
	818,734	1,432,402
Other receivables (Note (b))	885,819	1,154,461
Prepayments	1,602,902	3,072,926
Due from jointly controlled entities	942,804	921,763
Due from associates	54,181	-
Due from related party	118	-
Less: provision for impairment of other receivables	(24,029)	(25,811)
	4,280,529	6,555,741
Less: non-current portion	(365,539)	(1,900,995)
Current portion	3,914,990	4,654,746

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

(a) 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 31 December 2008 is as follows:

	2008	**2007**
0 to 90 days	575,089	1,142,866
91 to 180 days	36,248	111,436
181 to 365 days	69,134	90,000
1 year to 2 years	108,221	50,747
Over 2 years	30,042	37,353
	818,734	1,432,402

(b) Other receivables

The ageing analysis of other receivables at 31 December 2008 is as follows:

	2008	**2007**
0 to 1 year	362,477	991,564
1 year to 2 years	416,612	139,117
2 year to 3 years	85,002	3,241
Over 3 years	21,728	20,539
	885,819	1,154,461

BUSINESS REVIEW

Despite the global financial turmoil of 2008, China's economy still managed to grow by a respectable 9%. Its gross domestic product for the year increased to RMB30.1 trillion, while city dwellers' disposable income rose by 8.4% in real terms. The property market, however, was particularly sensitive to the tightening of credit and deterioration in consumer confidence triggered by the financial crisis. For all property developers 2008 proved a difficult year, with volumes of property transactions contracting and selling prices falling by more than 30% from their 2007 peaks.

Contracted sales

Reflecting the downturn in market conditions, the Group's total contracted sales for 2008 amounted to RMB16.0 billion—roughly the same level as 2007, but short of the original contracted sales target for 2008 of RMB24 billion. In terms of saleable area, however, sales increased by 13% to 1.6 million sq.m. Contracted sales for the year were derived from 33 projects in 11 cities, as compared to 26 projects in five cities in 2007. The six new cities, consisting of Taiyuan, Shenyang, Huizhou, Hainan, Shanghai and Chengdu, had combined contracted sales of RMB1,145 million. At the top, Guangzhou had the highest level of contracted sales of RMB7.275 billion, an increase of 3% over 2007, followed by Beijing with RMB3.8 billion. As the Group continued to focus on residential development, its contracted sales from one commercial property amounted to RMB1.07 billion; the remainder came entirely from residential properties.

Details of the Group's 2008 contracted sales by geographical distribution are set out below:

Location	**Approximate saleable area sold** (sq.m.)	**+/- % vs. 2007**	**Approximate total value** (RMB million)	**+/- % vs. 2007**
Guangzhou	560,800	10%	7,275	3%
Beijing	361,400	-17%	3,800	-31%
Tianjin	224,400	-3%	2,200	-3%
Xian	67,600	-27%	400	-14%
Chongqing	234,500	63%	1,200	39%
Huizhou	36,300	-	400	-
Hainan	24,500	-	230	-
Shanghai	8,600	-	70	-
Taiyuan	75,000	-	380	-
Shenyang	6,300	-	60	-
Chengdu	600	-	5	-
Total	1,600,000	13%	16,020	-1%

Projects under development

In an unfavourable market environment, the Group strove to ensure its project pipeline and delivery schedule will be able to maintain the momentum needed to achieve its targeted contracted sales of RMB22 billion for 2009. At the same time, the Group is aiming to position itself to capitalize on an anticipated future rebound of the property market. Total GFA under construction as at 31 December

2008, excluding investment projects, increased by 25% from 4.267 million sq.m. as at 31 December 2007 to approximately 5.337 million sq.m. This sizable GFA under construction was made up of 35 projects in 12 cities. By comparison, at 31 December 2007 the Group was developing 27 projects in nine cities.

Location	**Number of projects**	**Approximate total GFA** (sq.m.)	**Approximate saleable area** (sq.m.)
Guangzhou	12	1,620,000	1,279,000
Beijing	6	755,000	630,000
Tianjin	5	1,104,000	844,000
Xian	1	83,000	77,000
Chongqing	3	538,000	405,000
Chengdu	2	390,000	314,000
Shanghai	1	51,000	51,000
Kunshan	1	74,000	74,000
Shenyang	1	86,000	86,000
Hainan	1	130,000	124,000
Taiyuan	1	213,000	205,000
Huizhou	1	293,000	215,000
Total	**35**	**5,337,000**	**4,304,000**

Southern and Western China

Guangzhou. Guangzhou has many export-oriented industries and export trade makes up a significant part of its economy. Inevitably therefore the city has been affected by the global economic downturn, but it still managed to achieve 12.7% growth in GDP and 6.4% real growth in disposal income per capita. As the Group's headquarter city, the largest number of the Group's projects and the most GFA under development has always been in Guangzhou. As at 31 December 2008, the Group had seven residential projects and five commercial projects under development and a further six projects at the planning stage.

The Group early on recognized the immense potential of the Pearl River New Town, the fast maturing new CBD of Guangzhou, and mobilized substantial resources to position itself as the leading developer there. Of the Group's current projects in Guangzhou seven are located in the Pearl River New Town, namely R&F Ying Feng Plaza, R&F Ying Xin Plaza, R&F Ying Tai Plaza, R&F Ying Zun Plaza, R&F Ying Cheng Plaza, R&F International Commercial Center, and the Lei De Cun project. When these are placed alongside the Group's already completed developments in the area, which include the R&F Center, the Ritz-Carlton Guangzhou and the Guangzhou Grand Hyatt, it is evident how large a role the Group has played in shaping the urban landscape of the Pearl River New Town. Three projects were launched for sale during the year: the R&F Ying Tai Plaza and R&F Ying Feng Plaza in the Pearl River New Town, and R&F Jin Gang City, which is a blend of residential property and buildings tailored for the logistics industry, taking advantage of proximity to Guangzhou Airport. Sales also continued throughout the year at two multi-phase flagship residential projects, Guangzhou R&F Peach Garden and Guangzhou R&F City. The total of ten projects generated RMB7.275 billion in sales, amounting to 45% of the Group's total contracted sales. The Group expects Guangzhou to remain an important centre for its activity and anticipates being dominant in the city's property market for many years to come.

Chongqing. Despite the global financial crisis, Chongqing is well-placed for healthy economic growth, due largely to its status as a direct municipality city and its strategic position in the opening up of western China for development. For these reasons, the Group is confident in the strength and resilience of Chongqing's property market. During the year, both development and sales proceeded strongly for all three of the Group's projects there, namely Chongqing R&F City, R&F Ocean Square and R&F Modern Plaza. Chongqing R&F City, situated in an area designated for the relocation of Chongqing University City and with a total GFA that may reach 6.8 million sq.m. upon completion, is by far the biggest project that the Group has undertaken to date. The pace at which development of this project proceeds will be regulated according to market demand. The three Chongqing projects together generated contracted sales of RMB1.2 billion during the year, a 39% increase over sales for 2007. These projects are expected to become even more competitive once certain ancillary facilities have been added or improved. For example, definitive plans have been made to develop a Hyatt hotel at R&F Ocean Square.

Hainan enjoys a strong and diversified economy that supports an active property market. More than just a tourist destination, Hainan Island also derives a significant part of its GDP from specialized industries such as petroleum exploration and other oceanic enterprises. In 2007 the Group acquired one of the few remaining prime seafront sites at Xiangshui Bay, on the island's southeast coast. The site has been developed into R&F Bay Shore, a mix of resort style low-rise apartments with ancillary facilities that include a resort hotel and a yacht club. Contracted sales for R&F Bay Shore amounted to RMB230 million in the year.

Huizhou is expected to be another important market for the Group. The Group's first project there is an integrated development destined to become a new landmark in the city. It will be comprised of luxury apartments, a grade-A office building, and a five star hotel. Pre-sales commenced in May 2008, with the Group achieving respectable contracted sales of RMB400 million in a flat market.

Northern and Eastern China

Beijing. After Guangzhou, Beijing is the city in which the Group has the longest track record, and it is currently the location of the Group's northern headquarters. The Group's very successful debut project in Beijing was its Beijing R&F City, which on completion had over 1.2 million sq.m. GFA. Subsequent projects launched in Beijing, such as R&F Festival City and R&F Edinburgh Plaza, have also been very well received, and have helped the Group establish itself as a market leader and a well-known brand name in the city. During the year, the Group continued its ongoing development of R&F Festival City, R&F Peach Garden, R&F Bay Shore and R&F Danish Town in Beijing. It also began developing a new project, R&F American Dream Island, giving it a total of five residential projects under development as at the end of 2008. All these projects were also available for pre-sale during the year, and together generated RMB3.8 billion in contracted sales. This figure however represents a 31% decrease from total 2007 contracted sales. The decrease was mainly the result of a sluggish market and the fact that 2007 contracted sales were boosted by a one-off RMB1.71 billion block sale of Jia Sheng Center Beijing R&F Edinburgh Plaza Tower B1 to a foreign investor. The top-selling project in 2008 was R&F Festival City, a flagship project with a planned total GFA of approximately 1.12 million sq.m. of which 587,000 sq.m. has already been developed. This development generated RMB1.18 billion in contracted sales.

Tianjin is one of the fastest growing cities in China, and is becoming ever more closely linked to Beijing economically following ongoing improvement in its transportation infrastructure. The Group's first project in Tianjin was Tianjin R&F City, launched in 2005 to a reception that outstripped expectations. Encouraged by this, the Group proceeded to acquire three more projects: R&F Jinmen Lake, R&F Bay Shore, and R&F Peach Garden. R&F Jinmen Lake is one of the Group's largest single projects, with a total GFA exceeding 1.5 million sq.m. Presale began in November 2007 and went well despite deteriorating market conditions, boosted by a central wetland area on the site which marks out the project as unique. Contracted sales of RMB918 million have been achieved, the highest amongst presales for the four Tianjin projects. Sales at R&F City, however, fell to RMB646 million from a contracted sales high of RMB1.8 billion in 2007. The other two projects, R&F Peach Garden and R&F Bay Shore, also began presale in the year, contributing RMB636 million to the total contracted sales for Tianjin. Nevertheless, total contracted sales decreased by 3% from 2007. All four Tianjin projects are sizable ones; GFA under development at year-end amounted to 1.10 million sq.m., indicating that Tianjin will remain a major focus of the Group in coming years.

Xian R&F City is the Group's sole project in Xian, capital city of Shaanxi Province. Drawn to the immense potential of this city due to its strong high-tech industry and booming tourism business, the Group began developing Xian R&F City in 2006. The size of the project is around 1.13 million sq.m. GFA, which will be developed gradually over several years. Contracted sales for the year amounted to RMB400 million, and over 222,000 sq.m. has been sold between the launch of the project and the end of 2008.

Shanghai and vicinity. Compared with other major national property developers, the Group was a latecomer to this region. In the second half of 2007 it acquired two sites, which have been developed into the two low-density residential projects R&F Bay Shore and R&F Peach Gardens. R&F Bay Shore in the Kunshan area was launched on the market in September 2008 with an offering of 70 detached houses. In December 2008, 40 townhouses were also offered from R&F Peach Gardens in the Qing Pu District. The target buyers of high-end properties like these are the ones most affected by the financial crisis, and this may be a factor behind the initial slow sales of these two projects. However, given the limited supply of low density housing in this area, the Group is confident about the long-term success of these two projects.

Taiyuan R&F City in Taiyuan is a development that complements a city government initiative to overhaul the urban planning of Taiyuan. It is located in a part of the city that looks like becoming the residential neighbourhood of choice for aspiring locals. Development of the project has been divided into seven phases, with a total GFA of approximately 2.1 million sq.m. Presale of the project started in July 2008 and rang up RMB380 million for the year. With a second project, R&F Modern Plaza, coming on stream shortly, its Taiyuan operations will take on a more significant position in the Group.

Land bank

After a period of high activity, the Group suspended further acquisitions of land during the year. Consequently, at the end of 2008 the Group's land bank stood at approximately 25.4 million sq.m. GFA, distributed across 13 cities as shown in the table below. Land usage for the year was approximately 1.4 million sq.m. The land held in each city is sufficient for at least three years of further development. In some cities where the Group has acquired 'mega-sites', such as Chongqing and Taiyuan, developments are expected to span a number of years. For these reasons, the Group's temporary suspension of land acquisition should not have any adverse impact on its sustained long-term growth. The move will, however, significantly curtail capital expenditure in the near term.

	Approximate total GFA (sq.m.)	**Approximate saleable area** (sq.m.)
Development Properties		
Guangzhou	3,583,000	3,104,000
Foshan	2,517,000	2,167,000
Huizhou	292,000	214,000
Hainan	1,034,000	1,034,000
Chongqing	7,050,000	6,957,000
Chengdu	1,208,000	1,149,000
Kunshan	437,000	367,000
Shanghai	292,000	209,000
Beijing	1,776,000	1,420,000
Tianjin	3,079,000	2,721,000
Xian	630,000	577,000
Taiyuan	2,414,000	2,414,000
Shenyang	151,000	106,000
Investment Properties	914,000	742,000
Total	**25,377,000**	**23,181,000**

Investment properties

The Group has an established strategy of building up a portfolio of investment properties that offer a relatively stable rental income, to balance the inherent volatility of income from the sale of properties. A portfolio of quality investment properties also brings the Group the benefit of potential capital gain. This strategy has moved forward with the completion during the year of the first batch of the Group's investment properties. First, the R&F Centers in Guangzhou and Beijing were occupied in November 2007 and December 2007 respectively. Between March and August 2008, four hotels started operations, namely the Ritz-Carlton Guangzhou, the Guangzhou Grand Hyatt, the Renaissance Beijing Capital Hotel, and the Express of Holiday Inn Temple of Heaven Beijing. In addition, the R&F Plaza shopping mall opened in Beijing in July 2008. In view of the uncertain impact of the global financial crisis, the Group has decided to adjust the pace of the next phase of investment properties development. The second batch of planned investment properties will be completed from 2010 onwards, and will include the Chongqing Hyatt Hotel, the management contract of which was signed in June 2008.

Outlook

Recently the property sector in China has shown early signs of recovery, apparently benefiting from the government's fiscal stimulus measures and related policies. During the recent market downturn, the Group has remained focused on two main things. First, it remains committed to developing a pipeline of quality projects that cater to the requirements of ever more sophisticated customers. Second, it is working on improving its marketing and selling infrastructure, not just in cities where the Group is well-established but also in those in which it is a relative newcomer. Through a combination of strenuous effort and its existing competitive strengths, the Group is well positioned to take advantage of an eventual rebound in the property market. Evidence for this is already being seen, for example in the above-expectation figure of RMB3.43 billion of contracted sales achieved by the Group for the first two months of 2009. This represents an increase of 71% over the corresponding period in 2008. The Group had 32 projects on sale at the end of the year, and expects to launch another 12 projects in 2009. Overall, considering the Group's fundamental strengths and an anticipated improvement of market sentiment, the Group is confident of achieving its contracted sales target of RMB22 billion for 2009. The following is the completion schedule of 2009:

Location	**To be completed in 1st half of 2009**		**To be completed in 2nd half of 2009**	
	Approximate total GFA (sq.m.)	**Approximate total saleable area** (sq.m.)	**Approximate total GFA** (sq.m.)	**Approximate total saleable area** (sq.m.)
Southern	218,000	171,000	573,000	475,000
Western	69,000	67,000	164,000	156,000
Eastern	-	-	85,000	85,000
Northern	125,000	91,000	655,000	622,000
Investment Properties	-	-	370,000	271,000
Total	**412,000**	**329,000**	**1,847,000**	**1,609,000**

FINANCIAL REVIEW

The Group's results for the year must be put into the context of a property market which for some time has been affected by austerity measures, and which further weakened in the latter half of the year as a result of the unfolding global financial crisis. Net profit for the year decreased by 41% to RMB3.153 billion, from RMB5.315 billion for 2007. The Group's hotel operation which began during the year reported a net loss of RMB183.9 million while its construction service, which had its first full year of results recorded a net loss of RMB76.5 million. These losses, together with a reduction in fair value gain from investment properties accounted for most of the decrease in the Group's net profit.

The Group's hotel operation is comprised of four hotels. The Ritz Carlton, Guangzhou first opened in March, the Grand Hyatt Guangzhou opened in April, while the Renaissance Beijing Capital Hotel and the Express of Holiday Inn Temple of Heaven Beijing both opened in July 2008. Average occupancy was as expected for hotels beginning operation. Net loss from the hotel operation was mainly the result of pre-opening expenses amounting to RMB85 million that were charged as costs for the period upon the opening of these hotels, but which was not able to be offset by normal operating profit. In regard to the Group's construction service, net loss was mainly caused by a RMB102 million amortization of intangible asset associated with the acquisition of Guangzhou Tianli Construction.

Fair value gain from investment properties, after tax, added approximately RMB1.1 billion (2007: RMB2.31 billion) to the Group's net profit for the year. This mainly arose from R&F Plaza, the Group's shopping mall in Beijing, which opened during the year. Market values of the Group's other investment properties in use since last year remained basically stable despite changing market condition and no significant adjustments to their stated fair value were needed.

The Group engaged in its core activity of property sales in five cities, with Chongqing for the first time joining operation in Guangzhou, Beijing, Tianjin and Xian. Properties sale generated a net profit of RMB2.298 billion for the year, a 21% decrease from the net profit of RMB2.896 billion for 2007. Following are comments on turnover, cost of goods sold, gross margins and selling and administrative expenses relating to results from sales of properties:

Turnover increased slightly by 1.9% to RMB14.73 billion from RMB14.46 billion in the previous year. In terms of saleable area sold, there was an increase of less than 1% to 1.413 million sq.m. from 1.406 million sq.m. in 2007. Average selling price per sq.m. increased by 1.3% to RMB10,420 reflecting the higher prices of properties sold in 2007 but delivered in the year under review. Market price of properties in Chongqing were however much lower than the other cities which moderated the overall average selling price. With six residential projects and one commercial project, Guangzhou enjoyed the highest sales of the five cities, amounting to RMB6.737 billion. This accounted for 46% of the Group's total turnover. Sales of the Group's top Guangzhou project R&F Peach Garden amounted to RMB1.414 billion. The average price for Guangzhou increased by 27% to RMB14,030 per sq.m. Major projects such as R&F Peach Garden, R&F Jubilee Garden and R&F City continued from the previous year, with average selling prices increasing in a range of between 6% to 39% over 2007. The Group's commercial project, R&F Ying Tai Plaza, achieved an average selling price of RMB19,840 per sq.m. This was higher than any of the Group's residential projects, among which R&F Jubilee Garden and R&F Cambridge Terrace achieved average selling price in excess of RMB16,000 per sq.m. Sales in Beijing amounted to RMB3.505 billion and accounted for 24% of the Group's total turnover. This turnover arose from sales of four projects and represented a decrease of 28% from turnover in 2007 when five projects were on sales. The average selling price of each individual project increased slightly, resulting in an overall increase of 2%. Continued robust sales of the flagship project R&F Festival City increased sales to RMB1.6 billion, almost half of the total turnover of Beijing's. Turnover from Tianjin increased by 36% to RMB2.363 billion following delivery of the Group's second Tianjin project, R&F Jinmen Lake, which achieved turnover of RMB1.008 billion. This turnover included sales already made at relatively lower prices when the Group acquired the projects. Average selling price was RMB8,150 per sq.m. while Tianjin R&F City's average selling price increased by 21% to RMB10,220 per sq.m. Turnover from Chongqing became significant during the year, accounting for 11% of the Group's total turnover, following delivery of three projects: R&F Ocean Square, R&F Modern Plaza and R&F City. Market prices in Chongqing were lower than elsewhere and the Group's average selling price was RMB5,875; this arose from sale of 265,500 sq.m. of saleable area which generated RMB1.560 billion in turnover. Meanwhile, the Group's sole project in Xian, R&F City, reached maturity with turnover increasing by 44% and average selling price by 22%.

Cost of goods sold was made up mainly of land and construction costs, along with capitalized interest which accounted for approximately 5% of the total cost of goods sold. Per sq.m. costs of land and construction was considered stable given price trends for labour and building materials: for all cities except Guangzhou, per sq.m. costs rose by less than 10% over the previous year. Average land and construction costs per sq.m. for Guangzhou increased by approximately 34% to RMB8,260 per sq.m. This was a deliberate move to upgrade quality in view of the rising selling price to provide our customers with superior value for money products. Capitalised interest included in cost of sales increased to RMB455.5 million and amounted to 3.1% of turnover from sale of properties, from RMB291.6 million and 2% respectively in 2007.

Overall gross margin for the year was 33.9%, 3% lower than that of 2007's. Results from Chongqing were recognized for the first time, and returned a gross margin of 17%: this is estimated to have a negative impact of approximately 2% on the Group's overall gross margin. In the Group's traditional markets, the gross margins of most projects were relatively uniform, falling into a narrow range that indicates a sustainable and mature pattern of development. Of projects carried on from the previous year, all but two improved gross margin for the year.

Selling and administration expenses for the year increased by RMB373.1 million to RMB973 million. This was in line with the increase in breadth of the Group's operations which were extended to cover 12 cities in which 34 projects were on sale and 35 projects were under development. Turnover remain roughly at the same level as in the previous year, but as an essential investment for the future, selling and administrative expenses as a percentage of turnover increased to 6.6% from 4.1% in the previous year. Separately, selling expenses amounted to RMB277.8 million, an increase of RMB90 million. This was because in 2008, the Group had nine more projects on sale than in 2007. Administrative expenses, on the other hand, increased by RMB283.6 million to RMB695.2 million, partly due to the Group setting up three additional offices in Shanghai, Huizhou and Hainan. Payroll costs accounted for 36% of administrative expenses, and these increased due to expanding staffing for a growing organization and improving remuneration level for employees.

Finance cost made up of interest expenses incurred less the amount of interest capitalized to development costs increased by 231% to RMB341.2 million (2007: 102.9 million). With outstanding loans averaging RMB21.014 billion and an average interest rate of 6.77%, total interest expenses for the year amounted to RMB1,578.6 million. This exceeded interest expenses for 2007 by 74% as a result of the increase in outstanding loan and higher interest rates. Capitalized interest released to cost of goods sold amounted to RMB455.5 million as compared to RMB291.6 million for the previous year reflected the rising interest rates over the past couple of years. Aggregate interest costs included in this year's result amounted to RMB796.7 million (2007: RMB394.5 million).

Land appreciation tax (LAT) of RMB793.4 million (2007: RMB715.7 million) and Enterprise Income Tax of RMB1.1434 billion brought total income tax expenses for the year to RMB1.9369 billion. As a percentage of turnover, LAT increased to 5.4% from 4.9% of 2007. This increase was the result of relatively fewer projects qualifying for the ordinary residential standard exemption. For example, Guangzhou R&F Peach Garden was exempted from LAT last year but accounted for 14.5% of total LAT for the year under review. The effective enterprise income tax rate changed to 26.6% (2007: 28.1%), deviating from the standard rate by 1.6% because of permanent differences which limited the tax deductible amount for salary and selling expenses.

The Group maintained turnover at 2007 levels, but net profit was RMB3.153 billion as compared to RMB5.315 billion in the previous year. The factor that had the most impact in this case were the RMB635 million increase in the Group's selling and administrative expenses and the 3% drop in its gross margin.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2008, the Group has approximately 5,058 employees (31 December 2007: 4,016). The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also link with business performance and profitability of the Company and the market conditions. Individual director and senior management would not be involved in deciding their own remuneration.

Dividend

The Board has proposed a final dividend for 2008 at RMB0.28 per share. The proposed dividend, if approved by the shareholders at the annual general meeting (the "AGM") on 27 May 2009, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on 27 May 2009. The proposed final dividend has not been reflected in the financial statements as at 31 December 2008.

According to the Articles of Association of the Company, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in

Hong Kong Dollars. The exchange rate to be adopted shall be the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China.

Annual General Meeting ("AGM")

The 2008 AGM of the Company will be held on Wednesday, 27 May 2009 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules.

Closing of Register of Members

The register of members will be closed from Monday, 27 April 2009 to Wednesday, 27 May 2009 both days inclusive. In order to establish entitlements to the proposed final dividend which is to be approved in the AGM, and attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 24 April 2009.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2008, neither the Company nor any of its subsidiaries and its jointly controlled entities purchased, redeemed or sold any of the Company's listed securities.

Compliance with Model Code

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for directors in their dealing 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 financial year ended 31 December 2008.

Compliance with the Code on Corporate Governance Practices

The Company is committed to good corporate governance practices and procedures including a quality board, sound internal control, transparency and accountability to its shareholders. It has also complied with the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited throughout the 12 months ended 31 December 2008.

Audit Committee

The audit committee of the Company was established 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 relationships with external auditors, the Company's financial reporting, the internal control and risk management system, and there were no disagreement by 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. Li Helen who is a non-executive director of the Company.

Remuneration Committee

The remuneration committee of the Company was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises an executive director, Mr. Li Sze Lim (Chairman of the remuneration committee) and two independent non-executive directors, Mr. Dai Feng and Mr. Huang Kaiwen. The principle responsibilities of the remuneration committee include the reviewing and making recommendation to the Board on the Company's policies, structure and remuneration packages of directors and senior management of the Group.

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.

Li Sze Lim
Chairman

17 March 2009

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.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2008 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

.* *For identification purpose only.*