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)

2010 Annual Results Announcement

- **Turnover up 35% to RMB24.6 billion**
- **Net Profit up 53% to RMB4.46 billion**
- **Profit from property development increased 40% to RMB3.77 billion**
- **Net debt to equity ratio decreased to 94%**
- **Proposed final dividend of RMB0.4 per share**

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010. The annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

Prosperity is a condition that every company strives to achieve, but there is a wider sense of prosperity to which we here at R&F are committed. A prosperous society is one where every individual and corporate member plays a part in improving the quality of life of the whole community. Our role in contributing towards a prosperous society is one of providing high-quality buildings that genuinely enrich the lives of those who use them, whether as personal residences, workplaces, or leisure destinations. In 2010, we successfully built and sold a wide range of properties across twelve different cities of China, for the use of thousands of people from many different socio-economic groups. The success of our work over the past year has also involved close collaboration at every step with the authorities, industry peers, and the community at large. We believe only through this level of engagement can we provide the best possible solutions for our country's social and structural development.

Our activities during 2010 were conducted with government efforts to prevent the overheating of the property market in the background. Despite these government initiatives, however, the process of urbanization has continued apace, driving demand for property and keeping sales strong. This enabled the Company to achieve a full-year turnover from sales of properties of RMB23 billion, representing sales of around 2.256 million sq.m. of saleable area. We are pleased with our overall profit for the year, which was more than satisfactory and amounted to RMB4.46 billion.

Throughout the year we have managed to maintain a steady pace of construction at our many sites, and achieve timely delivery of our completed projects. Our land bank has been replenished to a level giving us enough land for around three to five years of projects, representing a healthy cushion for future development. Replenishment of our land bank has been undertaken carefully and thoughtfully, and as a result we have acquired some very high quality land in 2010 at attractive prices; the larger acquisitions have been made in collaboration with other developers, thus spreading our risk. We remain in a position of strong liquidity, with substantial cash resources at our disposal. All in all, given strong market demand and a healthy corporate position, our Company is very well placed to move from strength to strength in the coming year.

Facing the regulatory environment

In 2010, the Chinese government remained concerned about speculation in property and the potential destabilizing effects of rapidly rising property prices. As one of China's most reputable property players, the Group has consistently supported ongoing government initiatives to stabilise the market for the sake of social stability and inclusiveness. Specifically, we support government initiatives to keep property prices steady, and we have regularly and successfully adjusted our strategies and targets to reflect the government policy. We believe that co-operating fully with the government will help our Group and other property developers convince it to offer more support to our industry, for example by taking the developers' concerns into greater consideration when trying to balance supply and demand and maintain price stability.

During 2010, the government implemented a number of new regulatory measures affecting property development and purchase which proved to be amongst the most extensive seen in recent years. The measures were implemented in three 'waves' in January, April and September 2010, each of which had a different focus of control. The new regulations were designed to cover all the important policy issues; amongst other things, they introduced restrictions on the availability of financing for the purchase of second properties, increased the supply of residential land in those cities where house prices had risen excessively, reduced the scope for preferential treatment for deed tax, and increased efforts towards developing low-income housing.

These measures had mixed success in the market. They suppressed price rises to an extent, and dampened enthusiasm for property speculation. However both prices and sales volumes experienced only mild corrections, in the face of the steady and inevitable process of urbanization, which still has a long way to go, still-rising personal incomes in the cities, and widespread consumer concern about the effects of inflation.

Sales achievements

Given the wide-ranging regulatory measures described above, the Company's achievements during the year were most satisfactory. The effects of regulation were reflected in our sales at certain times of year, but bullish market sentiment and the Company's high quality offerings between them meant that our overall sales for the year exceeded our original target for 2010 of RMB30 billion, reaching RMB32 billion. This was achieved despite the fact that, in May and June, our monthly contracted sales dropped below the RMB2 billion mark in response to the second batch of regulatory measures. From July, sales rebounded and reached a peak of RMB4.4 billion in November, when sales of the high-end R&F No.10 apartments in Beijing were launched. Overall, both turnover and profit rose against last year, a result that we consider most satisfactory given the regulatory environment during the year.

The Company's land acquisition policy remained conservative during the year, with plots of land only being acquired at reasonable cost, and with a number of larger acquisitions undertaken on a joint basis with other developers so as to spread risk. In addition, we are careful to link our replenishment rate with the progress of sales; we are ready to mirror any slowdown in sales with a slower rate of land acquisition. Having said that, we remain constantly alert to potential bargains when times are tough. In total, the Company acquired a GFA of 3.78 million sq.m. across the six cities of Beijing, Tianjin, Shanghai, Taiyuan, Huizhou and Nanjing. Of these, the land acquired in Shanghai and Tianjin, which is of particularly high potential, was acquired in co-operation with other developers. As a result of the year's activities, the land bank attributable to the Company at the end of 2010 stood at approximately 24.48 million sq.m., representing a slight increase over the amount held at the end of 2009. We see this as a good level of replenishment.

Acquisitions and developments

Having described the broader picture of the Company's achievements, it is worth taking a closer look at some of the highlights of our business during the year. As mentioned, two of the Company's land acquisitions in 2010 were undertaken jointly with other parties. Both are large-scale projects with huge potential, and both will require high levels of investment and expertise. In line with our established strategy, we decided that the best way forward with such sites was to pool resources with one or more reputable property developers in order to maximize the benefits of the sites.

In Tianjin, we made a joint acquisition with KWG Property, Agile Property and Shimao Property of a GFA 3 million sq.m. residential and commercial site in the Jinnan District of the city, representing a 25% stake in the whole project. Meanwhile, in Shanghai, we worked with KWG in a joint 50/50 acquisition of the Shanghai California Place project, a mixed-use project including residential, retail, office and hotel development. The acquisition represents the Company's first venture into metro Shanghai, after having earlier conducted some projects in the vicinity. Also during the year, in preparation for further development of the Asian Games Village project in which the Company acquired a stake in 2009, we invited two further reputable developers, Shimao Property and Citic Real Estate, to join with the existing developers (R&F, Agile, and Country Garden) in a broader co-development partnership.

During the year, the Company also acquired its first ever block of land in Nanjing, in Jiangsu Province. This expands the number of cities in which the Company is operating to thirteen. The land has a GFA of 545,000 sq.m. and will be developed as a mixed-use project, to include low-density residential housing, offices, and a hotel.

The Company has been working for some time to expand its product range to include commercial properties, villas, and both mid-range and high-end apartments. The final step in that expansion was completed with the sales launch, in the second half of 2010, of its high-end apartment range in Beijing's R&F No. 10. With an average price of over RMB44,000 per sq.m., these apartments represent the most luxurious residential units the Company has ever offered for sale. China's thriving economy was in evidence as prospective homebuyers snapped up all available units, with demand far exceeding supply in this development.

In another successful high-profile development during the year, in November the Company opened its R&F Panda City Tianhui Mall in Chengdu. Superbly located at the heart of the city, the Tianhui Mall boasts a style and quality previously unseen in Chengdu. Ultra-contemporary in design, the mall also hosts a number of international brand name outlets that are entering Chengdu for the first time and are only available at this location. The Tianhui Mall also has another significance for the Company; after a hiatus in its development of investment properties, this is the first to be launched in three years.

Responding to changes

A prominent theme of our message this year has been the need to co-operate with and adapt to ongoing regulatory changes, which are designed to have a powerful impact on our industry. It is therefore important that we closely consider the likely regulatory outlook for the coming year, and develop strategies for moving our business forward in the light of further likely changes.

We do not expect any let-up in further attempts at regulation in 2011, especially since no less a figure than Premier Wen himself has spoken publicly, most recently at the Fourth Session of the 11th National People's Congress, about the government's resolve to keep housing prices under control. If house prices were to surge yet again, we believe that dampening measures would be further ramped up. Full details of the government's likely strategies are still unclear and they may vary according to region, but at the time of writing property taxes have been introduced in some cities. For instance, in January 2011 both Chongqing and Shanghai introduced property taxes, although the tax rates and the scope of application have proved milder than expected. China's leaders have also stressed the need for a greater supply of low-income urban housing, and have set some ambitious targets for achieving this goal.

How will these likely developments affect our Company in the coming year? It is essential, we believe, that we maintain a conservative approach for the immediate future, and be ready to adjust and adapt to any changes that may be imposed from above. In terms of utilization of resources, we will continue with our strategy of cautious land acquisition, and only acquiring land when prices are reasonable. At the same time, we will be ensuring we keep sufficient cash on hand to act as a cushion in case of sudden sales slowdown or any contraction in the availability of credit.

Targets and expectations

In the light of what we have seen in the past year, and our expectations for the market, we have developed what we see as a realistic set of targets for 2011. In our 2011 plan, all 13 of the cities in which we are operating will continue to be important, but our priorities will be Beijing, Tianjin, Taiyuan, Guangzhou and Hainan. We have developed a set of clear goals for key areas such as contracted sales, square metre delivery, and average selling price; however, we will also be devolving to an extent by giving the local offices for each city more autonomy when it comes to selecting the best strategies to achieve these targets for their own area. In breakdown, we have set a contracted sales target of RMB40 billion for 2011, a realistic figure we believe as it is supported by plans to launch around 40 projects during the year. As for our target square metre delivery, we have set it at 2.9 million sq.m. for the year. Our intention is, over time, to spread delivery more evenly across the year.

We have several times emphasized the Company's intention to avoid paying excessive prices when replenishing its land bank. It is worth emphasizing here that this policy, when combined with high-level negotiating skills and good networking, still allows for the acquisition of high quality land at very reasonable costs. An example is the Company's recent (January 2011) acquisition of a 274,000 sq.m. GFA site in Yang Ji Village, in Guangzhou's Yue Xiu District. Large, centrally located sites like this one are in exceptionally short supply in Guangzhou, yet the Company was able to acquire this for a most reasonable price, largely as a result of lengthy and patient discussion by its expert negotiators.

Something should also be mentioned here of the Company's investment properties which, as predicted some time ago, are gradually fulfilling their intended purposes and bringing steady income streams into the Company's coffers. We expect that income stream to grow with the opening of Chengdu's Tianhui mall, and we are happy to note that our hotel is also now achieving high levels of occupancy and should contribute strongly in the coming year.

Acquiring new capital for future growth remains a special challenge, particularly because under the People's Republic of China (the "PRC") securities regulations, our status as an H-share company places constraints on our ability to access resources from the capital markets. We are always looking at innovative ways to enhance our channels for financing, and are confident that the work we are doing to this end now will mean we will in the future be able to draw on new sources of investment capital to help us grow further.

China faces some significant challenges in the coming year, with many pressures being exerted on the traditional harmony of its social and economic order. Here at R&F, we are confident that these challenges can be met and met well, with careful, thoughtful policy-making and an emphasis on long-term social prosperity for all. Success at this macro level can only be of benefit to the property sector in the long run. In short, we believe that a sound, harmonious society is a necessary foundation for a prosperous and well-regulated property industry.

Acknowledgements

The time has come once again to formally thank all those who have helped us fulfill our goals for the Company over the past twelve months. Special thanks are due to our shareholders and other investors, whose confidence and backing are so vital for our success. We must also thank our many customers who have recognized the quality and value of our projects through their purchases and, in the process, helped make us such a respected and trusted name in China. Finally, we would like yet again to single out the Company’s Directors and all the rest of its staff, whose commitment and enthusiasm has created such a great forward momentum. Together, we will work even harder to make 2011 a good one for the Company and all its stakeholders.

Consolidated Income Statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2010	2009
Revenue	2	24,641,820	18,196,463
Cost of sales	4	(15,348,632)	(12,446,844)
Gross profit		9,293,188	5,749,619
Other gains – net	3	1,368,239	1,213,455
Selling and marketing costs	4	(425,921)	(370,888)
Administrative expenses	4	(1,121,274)	(978,244)
Other operating expenses		(35,379)	(247,988)
Operating profit		9,078,853	5,365,954
Finance costs	5	(940,847)	(505,334)
Share of results of jointly controlled entities		(20,544)	(2,427)
Share of results of associates		(47,220)	434
Profit before income tax		8,070,242	4,858,627
Income tax expenses	6	(3,613,873)	(1,937,394)
Profit for the year		4,456,369	2,921,233
Profit attributable to:			
– Owners of the parent		4,350,593	2,899,500
– Non-controlling interests		105,776	21,733
		4,456,369	2,921,233
Basic and diluted earnings per share for profit attributable to the owners of the parent (expressed in RMB Yuan per share)	8	1.3501	0.8998
Dividends	7	1,611,185	1,160,052

Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2010	**2009**
Profit for the year	4,456,369	2,921,233
Other comprehensive income		
Fair value gain on available-for-sale financial assets released to profit and loss accounts, net of tax	-	(67,217)
Fair value gain on available-for-sale financial assets, net of tax	5,775	31,573
Other comprehensive income for the year, net of tax	5,775	(35,644)
Total comprehensive income for the year	4,462,144	2,885,589
Total comprehensive income attributable to:		
– Owners of the parent	4,356,368	2,863,856
– Non-controlling interests	105,776	21,733
	4,462,144	2,885,589

Consolidated Balance Sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
ASSETS	**Note**	**2010**	**2009**
Non-current assets			
Land use rights		670,940	691,855
Property, plant and equipment		4,119,144	3,494,362
Investment properties		12,461,640	10,331,637
Intangible assets		875,098	853,098
Interests in jointly controlled entities		3,384,790	876,063
Interests in associates		137,866	35,348
Deferred income tax assets		922,503	719,589
Available-for-sale financial assets		182,700	175,000
Trade and other receivables	9	2,610,120	461,108
		25,364,801	17,638,060
Current assets			
Properties under development		29,067,419	30,324,980
Completed properties held for sale		4,767,672	4,715,325
Inventories		271,771	285,833
Trade and other receivables and prepayments	9	7,229,422	4,553,132
Tax prepayments		1,547,671	939,436
Restricted cash		3,514,433	1,244,972
Cash		5,653,716	6,642,279
		52,052,104	48,705,957
Total assets		77,416,905	66,344,017
EQUITY			
Equity attributable to owners of the parent			
Share capital		805,592	805,592
Other reserves		4,320,628	4,314,853
Retained earnings			
- Proposed final dividends		1,288,948	1,160,052
- Others		13,372,553	10,633,145
		19,787,721	16,913,642
Non-controlling interests		211,500	105,724
Total equity		19,999,221	17,019,366

	As at 31 December	
LIABILITIES	**2010**	**2009**
Non-current liabilities		
Long-term borrowings	20,669,396	17,522,790
Deferred income tax liabilities	2,154,540	1,726,853
	22,823,936	19,249,643
Current liabilities		
Accruals and other payables	7,845,407	8,846,410
Deposits received on sale of properties	15,479,821	11,365,612
Current income tax liabilities	4,083,895	2,995,887
Short-term bank loans	1,496,195	853,499
Current portion of long-term bank loans	5,688,430	6,013,600
	34,593,748	30,075,008
Total liabilities	57,417,684	49,324,651
Total equity and liabilities	77,416,905	66,344,017
Net current assets	17,458,356	18,630,949
Total assets less current liabilities	42,823,157	36,269,009

1. General information

The Company and its subsidiaries mainly engages in the development and sale of properties, property investment, hotel operations and other property development related service in the PRC.

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

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

These consolidated financial statements are presented in thousands of units of RMB Yuan (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 24 March 2011.

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.

New and amended standards, interpretation and annual improvements published by Hong Kong Institute of Certified Public Accountants ("HKICPA") adopted by the Group

The following new standards and amendments, interpretations to standards and annual improvements published by HKICPA are mandatory for the first time for the financial year beginning 1 January 2010.

- HKAS 7 (Amendment), 'Classification of expenditures on unrecognised assets' (effective 1 January 2010). The amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment to HKAS 7 has no material impact on the Groups financial statements.

- HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

  HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

- HKAS 36 (Amendment), ‘Unit of accounting for goodwill impairment test’ (effective 1 January 2010). This amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of HKFRS 8, ‘Operating segments’ (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of HKFRS 8).

  When the amendment becomes effective, entities use aggregated operating segments to determine their cash-generating units should disaggregate. As this amendment is effective prospectively, any resulting impairment should be recognised in profit and loss in the year the amendment is adopted. The amendment to HKAS 36 has no material impact on the Groups financial statements.

- HKAS 38 (Amendment), ‘Additional consequential amendments arising from HKFRS 3 (revised) and measuring the fair value of an intangible asset acquired in business combination’ (effective 1 July 2009). This clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. The amendment to HKAS 38 has no material impact on the Groups financial statements.

- HKFRS 3 (Revised), ‘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’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are expensed. HKFRS 3 (revised) has no material impact on the Groups financial statements.

  HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKFRS 8 (Amendment), ‘Disclosure of information about segment assets’ (effective 1 January 2010). Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. The amendment to HKFRS 8 has no material impact on the Groups financial statements.

- HK Int-5 - The HKICPA issued on 29 November 2010 HK Interpretation 5 “Presentation of Financial Statements -Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”. This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group’s financial statements.

2. Segment information

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

As almost the entire Group’s consolidated revenue and results are attributable to the market in the PRC and almost all of the Group’s consolidated assets are located in the PRC, the Executive Directors consider the business mainly from operation perspective. The Group is principally engaged in the property development, property investment and hotel operations.

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

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2010 and the segment assets and liabilities at 31 December 2010 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	22,972,494	425,362	634,280	699,287	24,731,423
Inter-segment revenue	-	(50,039)	(24,184)	(15,380)	(89,603)
Revenue from external customers	22,972,494	375,323	610,096	683,907	24,641,820
Profit/(loss) for the year	3,766,804	765,448	(126,609)	50,726	4,456,369
Finance costs	(596,314)	(186,080)	(157,302)	(1,151)	(940,847)
Share of results of jointly controlled entities	(20,544)	-	-	-	(20,544)
Share of results of associates	(48,051)	-	-	831	(47,220)
Income tax expense	(3,186,242)	(451,948)	42,203	(17,886)	(3,613,873)
Depreciation and amortisation	105,939	-	149,387	4,917	260,243
Provision for/(reversal of) impairment losses	4,466	-	(113)	25	4,378
Fair value gain on investment properties	-	1,109,713	-	-	1,109,713
Segment assets	60,160,167	12,461,640	3,349,558	340,337	76,311,702
Segment assets includes:					
Interests in jointly controlled entities	3,384,790	-	-	-	3,384,790
Interests in associates	94,413	-	-	43,453	137,866
Additions to non-current assets (other than financial instruments and deferred tax assets)	354,935	588,090	115,191	69,670	1,127,886
Segment liabilities	22,776,460	-	221,746	327,022	23,325,228

The segment information for the year ended 31 December 2009 and the segment assets and liabilities at 31 December 2009 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	16,984,364	328,098	420,383	529,961	18,262,806
Inter-segment revenue	-	(50,039)	(16,304)	-	(66,343)
Revenue from external customers	16,984,364	278,059	404,079	529,961	18,196,463
Profit/(loss) for the year	2,684,993	499,576	(179,232)	(84,104)	2,921,233
Finance costs	(230,374)	(150,991)	(106,066)	(17,903)	(505,334)
Share of results of jointly controlled entities	(2,427)	-	-	-	(2,427)
Share of results of associates	-	-	-	434	434
Income tax expense	(1,827,555)	(166,525)	59,744	(3,058)	(1,937,394)
Depreciation and amortisation	164,638	-	146,478	2,034	313,150
Provision for/(reversal of) impairment losses	3,036	-	326	(2,288)	1,074
Fair value gain on investment properties	-	604,235	-	-	604,235
Segment assets	51,286,881	10,331,637	3,578,505	252,405	65,449,428
Segment assets includes:					
Interests in jointly controlled entities	876,063	-	-	-	876,063
Interests in associates	-	-	-	35,348	35,348
Additions to non-current assets (other than financial instruments and deferred tax assets)	147,322	1,969,830	267,482	1,860	2,386,494
Segment liabilities	19,589,626	-	339,255	283,141	20,212,022

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

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

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

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

	31 December 2010	**31 December 2009**
Segment assets for reportable segments	76,311,702	65,449,428
Deferred income tax assets	922,503	719,589
Available-for-sale financial assets	182,700	175,000
Total assets per balance sheet	77,416,905	66,344,017

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

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

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

	31 December 2010	**31 December 2009**
Segment liabilities for reportable segments	23,325,228	20,212,022
Deferred income tax liabilities	2,154,540	1,726,853
Current income tax liabilities	4,083,895	2,995,887
Current borrowings	7,184,625	6,867,099
Non-current borrowings	20,669,396	17,522,790
Total liabilities per balance sheet	57,417,684	49,324,651

3. Other gains - net

	2010	2009
Fair value gain on investment properties - net	1,109,713	604,235
Gain on disposal of available-for-sale financial assets	-	140,653
Gain on disposals of property, plant and equipment and land use rights	122,737	384,185
(Loss)/gain on disposals of investment properties	(13,700)	11,504
Interest income	77,573	48,896
Dividend from available-for-sale financial assets	18,900	-
Others	53,016	23,982
	1,368,239	1,213,455

4. Expenses by nature

Expenses by nature comprising cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	2010	2009
Crediting		
Reversal of provision for doubtful debts	(9,315)	(12,363)
Charging:		
Cost of completed properties sold	13,720,230	11,076,374
Employee benefit expense	556,068	490,995
Amortisation of land use rights, software and customer contracts	33,341	114,438
Office expenses	78,060	65,221
Depreciation	226,902	198,712
Business taxes and other levies	1,445,192	1,095,581
Auditors' remuneration	7,414	6,977
Operating lease payments	6,732	9,219
Provision for doubtful debts	13,693	13,437
Advertising cost	193,308	168,651
Default payment for termination of land acquisitions	-	240,000
Others	659,581	576,722
	16,940,521	14,056,327
	16,931,206	14,043,964

5. **Finance costs**

	2010	**2009**
Interest on bank loans	1,217,073	1,341,018
Interest on corporate bonds	389,592	74,683
Less: interest capitalised	(665,818)	(910,367)
	940,847	505,334

The average interest rate applied for capitalisation of funds borrowed and used for the development and sale of properties, investment properties and property, plant and equipment is 5.29% per annum for the year ended 31 December 2010 (2009: 5.91%).

6. **Income tax expenses**

	2010	**2009**
Current income tax		
– PRC enterprise income tax (Note (b))	1,644,053	1,461,171
Deferred income tax	222,848	(345,252)
	1,866,901	1,115,919
Current PRC land appreciation tax (Note (c))	1,746,972	821,475
Total income tax expenses (Note (d))	3,613,873	1,937,394

(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 (2009: 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 2010, the applicable income tax rate for the profits generated from property construction by a subsidiary was 2.5% (2009: 2.5%) based on the revenue throughout the year; the applicable income tax rate for the profits generated from other business was 25% (2009: 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.

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

	2010	2009
Profit before income tax	8,070,242	4,858,627
Less: Land appreciation tax	(1,746,972)	(821,475)
	6,323,270	4,037,152
Calculated at tax rate of 25% (2009: 25%)	1,580,818	1,009,288
Effect of different income tax regime of certain companies	(29,860)	7,167
Development costs not deductible for taxation purposes	264,174	88,250
Others	51,769	11,214
PRC enterprise income tax	1,866,901	1,115,919
Land appreciation tax	1,746,972	821,475
Tax charge	3,613,873	1,937,394

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

	2010			2009		
	Before tax	Tax charge	After tax	Before tax	Tax (charge)/ credit	After tax
Fair value gain of available-for-sale financial assets	7,700	(1,925)	5,775	42,097	(10,524)	31,573
Fair value gain on available-for-sale financial assets released to profit and loss accounts	-	-	-	(89,622)	22,405	(67,217)
	7,700	(1,925)	5,775	(47,525)	11,881	(35,644)

7. Dividends

	2010	2009
Interim dividend paid of RMB0.10 (2009:Nil) per ordinary share	322,237	-
Proposed final dividend of RMB0.40 (2009: RMB0.36) per ordinary share	1,288,948	1,160,052
	1,611,185	1,160,052

A 2009 final dividend of RMB0.36 per ordinary share, totalling RMB1,160,052,000 was paid in June 2010.

An interim dividend of RMB0.10 per ordinary share, totalling RMB322,237,000 was proposed by the board of directors and paid in October 2010 (in respect of six months ended 30 June 2009: Nil).

2010 final dividend of RMB0.40 (2009: RMB0.36) per ordinary share, amounting to a total dividend of RMB1,288,948,000 which is based on the number of shares as at 31 December 2010 is to be approved by the shareholders at the Annual General Meeting ("AGM") on 27 May 2011 which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2011. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2010 and 2009 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

8. Basic and diluted earnings per share

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

	2010	2009
Profit attributable to owners of the parent	4,350,593	2,899,500
Weighted average number of ordinary shares in issue (thousands)	3,222,367	3,222,367
Earnings per share (RMB per share)	1.3501	0.8998

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

9. Trade and other receivables and prepayments

	2010	2009
Trade receivables		
- Due from jointly controlled entities (Note (a))	47,367	41,844
- Due from third parties (Note (a))	1,314,134	850,675
	1,361,501	892,519
Less: provision for impairment of trade receivable (Note (a))	(2,756)	(2,756)
Trade receivables – net	1,358,745	889,763
Other receivables (Note (b))	3,069,930	517,650
Prepayments	2,465,938	2,405,522
Due from subsidiaries	-	-
Due from jointly controlled entities	1,454,788	1,222,250
Due from associates	1,516,866	1,402
Less: provision for impairment of other receivables	(26,725)	(22,347)
Total	9,839,542	5,014,240
Less : non-current portion	(2,610,120)	(461,108)
Current portion	7,229,422	4,553,132

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

(a) Trade receivables

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sales and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables at 31 December 2010 is as follows:

	2010	2009
0 to 90 days	946,600	629,426
91 to 180 days	124,747	50,766
181 to 365 days	68,628	67,735
1 year to 2 years	143,350	83,987
Over 2 years	78,176	60,605
	1,361,501	892,519

(b) Other receivables

The ageing analysis of other receivables at 31 December 2010 is as follows:

	2010	**2009**
0 to 1 year	2,916,704	307,634
1 year to 2 years	100,857	36,812
2 year to 3 years	21,163	159,707
Over 3 years	31,206	13,497
	3,069,930	517,650

BUSINESS REVIEW

China's recovery from the global recession continued in 2010 with its GDP grew 10.3% for the year. This strong rebound in the general economy was reflected in surging city property prices across the country, a development which aroused serious Government concern. In response, a series of regulatory measures were implemented, aimed primarily at suppressing excessive rises in property prices. These measures which targeted the property market, worked alongside the gradual tightening of the money supply kicked off by an interest rate hike, the first of three hikes that followed, in October 2010. This clear government statement of its commitment to curbing inflation and preventing the economy from overheating basically set the tone of the business environment for property developers in the year under review.

Professional execution of its proven strategies enabled the Group to navigate this challenging business environment safely. Backed by a reputation for impeccable quality and a full portfolio of commercial and residential products in 12 cities, the Group performed well in all key areas, including sales, project development, the operation of investment properties, and land bank replenishment.

Contracted sales

The Company's contracted sales outstripped the year's target to reach RMB32 billion, an increase of 33% over the previous year. A major factor in the rise was an increase in its average selling price to RMB13,030 per sq.m. in 2010, from RMB10,370 per sq.m. the previous year. In terms of saleable area, contracted sales increased by 6% to 2.47 million sq.m., from 2.33 million sq.m. the previous year. Except for a brief two-month period in the second quarter when they were affected by new government policy measures, the Company's contracted sales remained relatively steady throughout the year, averaging not less than RMB2 billion per month and reaching a record high of RMB4.4 billion in November 2010. To achieve such satisfactory sales in the challenging business environment, the Group maintained a full pipeline of geographically diversified projects, together with a well-planned launch schedule and effective marketing efforts. Guangzhou was again the top city for contracted sales, followed by Beijing and Tianjin: together these three accounted for 71% of the year's sales, down from 75% in 2009 as other cities improved their share. Of these three cities, Beijing stood out in terms of sales growth, accounting for approximately one third of the overall increase in contracted sales. Apart from Shanghai, all other cities where the Group operates also achieved increases in contracted sales, to different extents. The Group remains primarily focused on the development of residential properties; these accounted for 80% of its contracted sales for the year, with the other 20% coming from commercial properties including office and retail shops.

Details of the Group's 2010 contracted sales by geographical distribution are set out below:

Location	**Approximate saleable area sold (sq.m.)**	**+/- % vs. 2009**	**Approximate total value (RMB million)**	**+/- % vs. 2009**
Guangzhou	555,200	-14%	9,348	14%
Beijing	387,500	-1%	8,259	48%
Tianjin	397,200	18%	5,308	20%
Xian	155,400	19%	1,054	42%
Chongqing	332,300	43%	2,202	57%
Chengdu	82,500	272%	659	374%
Huizhou	54,300	-4%	587	23%
Hainan	98,500	48%	1,680	91%
Shanghai and vicinity	64,500	-10%	796	-17%
Taiyuan	312,300	40%	1,995	60%
Shenyang	34,400	258%	358	193%
Total	**2,474,100**	**6%**	**32,246**	**33%**

Projects under development

The Group started the year with approximately 6.73 million sq.m. GFA under development, spread across 35 projects in 12 cities. The scale of its activities enabled the Group to complete 2.26 million sq.m. GFA of properties for sale, while also maintaining a project sales pipeline that supported its highest-ever level of contracted sales, of RMB32 billion for the year. With construction starting during the year on 10 new projects and new phases of existing projects of approximately 2.67 million sq.m. GFA, the Company's GFA under development at the end of the year decreased by 3% to approximately 6.55 million sq.m., distributed across 40 projects. This area under construction is estimated to make available pre-sale permits for property with an approximate value of up to RMB69 billion, and should thus provide a sound basis for the Company's sales target and delivery plan for 2011.

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	9	1,618,000	1,309,000
Beijing	8	713,000	555,000
Tianjin	6	1,128,000	862,000
Xian	1	313,000	254,000
Chongqing	2	534,000	405,000
Chengdu	2	448,000	375,000
Shanghai and vicinity	2	185,000	175,000
Shenyang	1	117,000	117,000
Hainan	3	214,000	185,000
Taiyuan	3	735,000	601,000
Huizhou	3	544,000	481,000
Total	**40**	**6,549,000**	**5,319,000**

Southern and Western China

Guangzhou successfully hosted the 16th Asian Games towards the end of the year. Its preparations for the Games over recent years have given its economy a significant boost, in terms both of investment in supporting infrastructure and of an increased number of visitors attracted to the city. In 2010, Guangzhou's GDP expanded by 16% and passed the trillion mark to reached RMB1.06 trillion.

One particular enduring impact of the Games has been the total transformation of the landscape of Pearl River New Town, the site of the Games' opening and closing ceremonies. Since being designated as Guangzhou's new CBD, Pearl River New Town has completed its evolution into a world-class CBD; reflecting this new status, real estate property in the area is now much sought after. Recognizing the area's tremendous potential, the Group early on invested significantly in Pearl River New Town, well ahead of most other developers. To date, the Group has already completed ten projects in the area, comprising seven sale property projects, along with two 5-star hotels and a grade A office building which are being held as investment properties. Currently under development or planning are seven more projects, including three projects that were up for sale during the year: the high-end residential project R&F Pearl River Park View, R&F Yingsheng Plaza, and a commercial property project, R&F Yingxin Plaza. Sales at R&F Pearl River Park View were first launched in the second half of 2009, and in March 2010 at R&F Yingsheng Plaza. With an average selling price in the RMB25,000 per sq.m. range, the two projects were brought by purchasers attracted by their prestigious location, recording combined contracted sales of approximately RMB2.5 billion. R&F Yingxin Plaza, conveniently located near the CBD centre and with many business-friendly amenities, added several more reputable enterprises to its occupant list during the year and in the process grossed RMB1.87 billion in contracted sales. Of the other projects under development in Pearl River New Town, a major one is the mixed development at Lei De Cun in collaboration with KWG Properties Holdings Limited and Sun Hung Kai Properties Limited. The project involves the construction of upscale apartments, a luxury hotel, and a premium shopping mall. Construction of the residential part of the project has taken priority and pre-sales are expected to commence in the second quarter of 2011. The J1-1 project development adjacent to the R&F Center, where a grade A office and a Park Hyatt hotel will be situated, is also progressing well.

There were seven projects with active sales in other parts of Guangzhou during the year. Apart from mature projects like R&F Peach Gardens and R&F City, sales took place for two newer projects launched in 2009, R&F Jin Gang City in Hua Du and R&F Junhu Place near the city's main railway station. These were the two top-selling projects of these seven projects in Guangzhou, each recording contracted sales of above RMB1 billion. With the extension of the city's subway line to Guangzhou Airport, the original disadvantage of the location of R&F Jin Gang City has been eliminated; consequently, sales increased by 1.5 times over the year and the average selling price rose by approximately 40%. The steady improvement of the city's transportation infrastructure has had a significant impact on the property scene in Guangzhou and the surrounding area. R&F Spring World in Conghua and the Asian Games City project in Panyu being developed in a joint venture with four other major developers were also well received by purchasers, with the Group benefiting from the increasing ease of commuting across the area.

Overall, Guangzhou’s contracted sales increased by 14% to RMB9.348 billion, amounting to 29% of the Group’s total sales. This share of the total contracted sales remained the highest of all cities where the Group operates, but was down from the previous high of 54% in 2005. Alongside Beijing and Tianjin, Guangzhou will remain one of the Group’s key focus cities in the future.

Chongqing is a municipality under the central government; its economy has been growing at high speed, and in the five years to the end of 2010, Chongqing’s per capita GDP has quadrupled. This robust economy provided plenty of support to the property sector generally, while substantial demand for commercial properties was also evident due to the many domestic and multinational corporations drawn to the city by its growing reputation as the financial and high-tech manufacturing center of the upstream Yangtze River region. Supply of quality office space in Chongqing is, however, limited. The reception given to the Group’s first commercial property project in the city, R&F Ocean Plaza office tower (a project in which the residential portion has been completed) was overwhelming, with RMB330 million worth of property sold in a short period. The other project in the city to be sold during the year was the mega project R&F City, which occupies a 2.6 million sq.m. site in an area designated to become Chongqing’s ‘university city’. This multi-year development is now in its 5th year, and upon final completion will have a total GFA of approximately 6.8 million sq.m. Being in the neighborhood of universities and education institutes, the project holds great appeal for academics and professionals, both of whom represent fast-growing population segments in the city. Up to the end of 2010, approximately 382,000 sq.m. GFA had been completed and cumulative contracted sales amounted to approximately RMB3.1 billion, having increased to RMB1.7 billion in 2010. Selling price has also increased to RMB6,100 per sq.m., as compared to RMB4,300 per sq.m. at initial launch.

Chengdu, one of the two major economies in western China along with Chongqing, competes with Chongqing for a similar range of investments. It does however hold the advantage of being the provincial capital city of Sichuan, and also of having a flat landscape, two reasons why Chengdu has led the region in development. The Group therefore chose Chengdu as the second city in western China in which to expand its business, after Chongqing. In October 2007, the Group bought its first piece of land in the Chengdu CBD with the intention of developing a large mixed-use project that would include apartments, offices, a hotel and a shopping mall. The residential part of the project, R&F Stanley International Apartments, started pre-sales in late 2008; in 2010 sales were given added momentum by the completion of the project's fashionable shopping mall, and went on to exceed RMB300 million. With the Group now well-established in the city, contracted sales sped up for its second project, R&F Peach Garden launched last year, more than doubling in the year to RMB298 million.

Hainan took an important step in the year which strengthened its status as China's premier tourism designation; the province implemented a tax refund system for visitors which is first in the country, adding to its natural advantages of unspoiled beaches and year-round sunshine. The surge in property values on the island during the year was a reasonable adjustment reflecting the long-term value connected with their resort and tourism character. Anticipating development in Hainan, the Group first acquired certain prime seafront sites at Xiangshui Bay in 2006, which it followed up by further acquisitions each of which had their own uniqueness and competitive advantages. The Xiangshui Bay site has since been developed into R&F Bay Shore, a mix of resort style low-rise apartments with additional facilities that include a resort hotel and a yacht club. Sales of the project started in 2008; in 2010 sales increased to RMB1.24 billion for the year on a 67% increase in average selling price, with accumulated sales exceeding RMB2 billion. The second of the Group’s projects, R&F Yingxi Valley on Haikou's west coast, is comprised of villas and linked houses; 206 units offered in the year were sold for RMB308 million. R&F Mangrove Bay, launched during the year, is the Group's third project on the island. Occupying a site of 5,250,000 sq.m., the project is located at Chengmai Town and has as its special feature 99 acres of adjacent mangrove forest. This project is themed around the integration of a unique ecology, a natural environment, sporting facilities, and resort-style living. The development will be carried out over a period of 5-8 years.

Huizhou is one of the cities holding the best potential for development in the Pearl River Delta region. Although its economy has been developing rapidly in recent years, the city has maintained its good natural environment, a factor which helped the Group decide to make the city a new business focus in southern China. The Group embarked on its third project in Huizhou in November together with Shimao Property; the joint development will result in an upscale mixed use complex in Renshan, Huidong. The Group's debut project in Huizhou, R&F Li Gang Center, was also an integrated development comprising luxury apartments, a grade-A office building, a shopping mall and a five star hotel, all utilizing an advanced contemporary design concept. R&F Li Gang Center is now a landmark in the Huizhou CBD, and sales for the year amounted to approximately RMB587 million, an increase of 23% over the previous year. Of these sales, approximately RMB365 million were sales of office units at an average selling price of RMB10,400 per sq.m., an increase of 37% that clearly indicates the potential in Huizhou's commercial property segment.

Northern and Eastern China

Beijing achieved the highest increase in contracted sales for the year of all the cities where the Group operates. Contracted sales there increased by RMB2.69 billion to RMB8.26 billion, a total second only to Guangzhou. Beijing's share of total contracted sales increased to 26% from 23%. This significant increase can to a large extent be accounted for by the first sales at the R&F No.10 development. Built on a site which the Group acquired by auction in 2009 and which is practically enclosed by R&F City, the project consists of four low-rise blocks of luxury apartments and 34 villa units. As availability of such city center properties is becoming increasingly rare, many potential purchasers had expressed their interest even before the official sale launch. At an average selling price of RMB44,000 per sq.m., the first batch of units sold immediately, and the project recorded RMB2.64 billion in contracted sales. Another new project for the year was R&F Golden Jubilee Garden, located in Tongzhou district. The project will be made up of 10 high-rise residential blocks to be developed in three phases; the first sale in the year raised RMB388 million. As for the other ongoing projects, R&F Festival City remains the backbone of Beijing's contracted sales, with sales there for the year of RMB1.63 billion accounting for 20% of Beijing's total contracted sales. This project, which has a total GFA of over 1.1 million sq.m., started sales in July 2005: up to the end of 2010, cumulative sales have amounted to RMB7.6 billion, and 356,000 sq.m. GFA is yet to be developed. Sales of R&F Danish Town, a low-density residential project in Daxing district to the south of the city, maintained at a level roughly equivalent to those of last year at RMB1.23 billion. The Group's only low-income housing project, R&F American Dream Island, was completely sold during the year.

Tianjin is a market in which the Group has much confidence, as is evident from the size of the Group's projects in the city. R&F Jimen Lake is one of the Group's largest anywhere in China. Acquired in 2007 for RMB5.46 billion, the site has a GFA of 1.57 million sq.m., of which 1.1 million sq.m. is yet to be developed. Sales in the year increased to RMB2.51 billion, the highest of all the Group's projects in the year apart from R&F No.10 in Beijing. The other projects in Tianjin, namely R&F City, R&F Peach Garden and R&F Bayshore, are also all of considerable size. The Group's first project in the city, R&F City, was in its 7th year of development in 2010, having cumulatively sold RMB6.29 billion or 598,000 sq.m. In addition to these four 100% owned projects, the Group also became involved in a co-operative project with three other developers during the year, when they together acquired a piece of land with a site area of 1.29 million sq.m. and a GFA of over 3 million sq.m., at a consideration of RMB7.05 billion. The project will be a mixed development of high-rise residential units, low-density housing, retail properties, offices, a hotel and a shopping mall, and will be developed over a number of years. Given its participation in this mega-project and the large scale of its other projects, the Group looks set to remain a major player in Tianjin in the years to come. Total contracted sales in Tianjin for the year includes RMB326 million in sales of commercial property at the Tianjin R&F Center.

Xian is the capital city of Shaanxi Province, and has tourism and high-tech industry as the twin pillars of its economy. During the year, the city again managed to achieve GDP growth of above the national average, at 14.5%, following similarly high growth the previous year. Increase in revenue from tourism also amounted to approximately 14%. Given these healthy economic conditions, the property market in the city was vibrant and yet avoided overheating. The Group has focused on a single project in the city, R&F City, with a total GFA of over one million sq.m.; it is in its sixth year of development. Sales of the project during the year increased by 42% over the previous year to RMB1.05 billion, with a 19% increase in the average selling price.

Shanghai and vicinity had two projects in progress until the very end of the year. Both are low-density residential developments offering a spacious environment at a moderate commuting distance of the city, but at much more affordable price than equivalent developments that are more central. R&F Bay Shore is located in Kunshan near the largest lake in the area, and its initial phase, consisting of 943 detached villas, was first put on the market in September 2008. To date, a total of 662 villas have been sold, with 162 villas being sold in 2010 generating RMB452 million in sales. The other project, R&F Peach Gardens in Qing Pu District, is a development consisting of townhouses and low-rise apartments; it sold steadily, achieving contracted sales of RMB344 million in 2010. In November 2010, the Group jointly with KWG Property Holding Limited acquired a mixed use project in Yangpu district, to be developed as a residential portion named California Place and a retail, office and hotel portion named California Square. This acquisition represents the first project of the Group in metro Shanghai.

Taiyuan returned to positive economic growth in the second quarter of 2009. The city's continuous strategic initiatives on multiple fronts -- including agriculture, new industries and services -- has made Taiyuan no longer simply a coal-mining based economy. The Group considers Taiyuan to be a promising market, and continued to add to its already substantial land bank in the city during the year so as to tap into its rising property market. Two projects were being sold in the year. Taiyuan R&F City, located on a site with a total GFA of approximately 2.1 million sq.m., is the largest of the Group's projects in northern China. Currently in its second phase of a total of seven phases, the project has achieved cumulative sales of RMB2.23 billion since its first launch in July 2008, with RMB964 million being achieved in 2010. Following the success of R&F City, the Group launched its second project in August 2009; this was R&F Modern Plaza, consisting of ten 32-34 storey residential blocks. This project has the advantage of a superb location, being centrally sited close to the CBD and several of Taiyuan's landmark buildings. The competitive edge gained by its location has been reflected in robust sales, which increased by 187% over last year to more than RMB1 billion.

Shenyang is a city with a more mature villa property market than most cities. The Group's entrance into Shenyang with a well-designed villa project has set new standards for villa development there. R&F Royal Villa is a project that on completion will consist of 528 units of detached, semi-detached or linked villas. Sales were first launched in 2008; to date 127 units have been sold, with the year's sales amounting to 103 units at RMB358 million. The average selling price increased to RMB10,400 per sq.m. in the year, from RMB9,600 per sq.m. at the project's initial launch.

Land bank

The Group continued to follow a disciplined and cautious approach to land bank replenishment. When considering purchases of sizeable and expensive parcels of land that require prompt payment, the Group is now frequently looking to co-operative arrangements with fellow developers in a manner similar to its successful joint venture at the Asian Games village in 2009. During the year, eight plots of land were acquired with a total attributable GFA of 3.78 million sq.m. Three of these eight acquisitions were made as joint ventures together with one or more partners: these were the land in Tianjin's Jinnan District with a GFA of over 3 million sq.m., priced at RMB7.05 billion, the Shanghai Yangpu site with a GFA of 270,000 sq.m., costing RMB3.38 billion and the Huizhou Huidong Renshan site with GFA of 1.51 million sq.m. costing RMB370 million. The Group has a 25% interest in the Tianjin project, and a 50% interest in both the Shanghai and Huizhou one. The other plots of land acquired were located in Beijing and Taiyuan, which incidentally are priority cities within the Group's overall business development planning and also Nanjing. As land replenishment exceeded land consumed in the year by approximately 490,000 sq.m., the Group's total land bank at the end of the year increased to 24.48 million sq.m. GFA.

Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	4,064,000	3,699,000
Huizhou	1,401,000	1,401,000
Hainan	982,000	982,000
Chongqing	6,513,000	6,467,000
Chengdu	1,266,000	1,198,000
Shanghai and vicinity	708,000	552,000
Nanjing	545,000	545,000
Beijing	1,424,000	1,003,000
Tianjin	3,033,000	2,693,000
Xian	556,000	508,000
Taiyuan	3,228,000	3,228,000
Shenyang	110,000	110,000
Investment Properties	646,000	584,000
Total	**24,476,000**	**22,970,000**

Investment Properties

The grand opening of the Group's Tianhu Mall at Chengdu Panda City took place in November 2010. This contemporarily designed shopping mall is a 'one of a kind' in Chengdu, and has attracted popular brand names that have not previously set up shop in the city. Occupancy at the time of opening was approximately 70%, and the Group continues to work on achieving the best mix of retailers and restaurants to provide balance and variety for shoppers. Its mix of tenants and its ideal location in Chengdu's fashionable CBD suggests that Tianhu Mall is destined to become the 'hot spot' for shopping and leisure in the city, and so should meet expectations for rental income levels within a reasonable time period. In the portfolio of the Group's existing investment properties, performance of its four hotels in operation further improved during the year. Average occupancy rates rose to new highs, especially in the case of the two Guangzhou hotels, the Grand Hyatt and the Ritz Carlton. Although occupancy was boosted by the holding of the Asian Games during the year, indications are that the high occupancy rate is likely to be sustained. Higher occupancy also allowed for an increase in room rates, and as a result the four hotels delivered much higher positive cash flow over the previous year. Meanwhile, although there is ample supply of office space in Pearl River New Town, the Guangzhou R&F Center has managed to command a steady rental rate and improve its occupancy levels, due to its competitive strengths in areas such as convenience of access and high standards of property management. The Group's other investment properties, especially Beijing's R&F Center and R&F Plaza, also further improved rental income in the year.

Investment properties completed or in the pipeline are as follows:

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	86,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Guangzhou	R&F Jing Gang City	4-star hotel 350 rooms	34,000
Park Hyatt, Guangzhou	Pearl River New Town J1-1	5-star hotel 176 rooms	27,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 543 rooms	89,000
R&F Center*	Beijing R&F City	Office building	60,000
R&F Shopping Mall*	Beijing R&F City	Shopping mall	171,000
Holiday Inn Express Temple of Heaven*	R&F Xinran Court / Plaza	4-star hotel 321 rooms	22,000
Tianjin			
Tianjin R&F City Commercial Complex	Tianjin R&F City	Office, serviced apartment, shopping mall and hotel	166,000
Chongqing			
Hyatt Regency Hotel, Chongqing	Chongqing R&F Ocean Plaza	5-star hotel 354 rooms	46,000
Holiday Inn Chongqing University Town	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
Tianhui Mall*	Chengdu Panda City	Shopping Mall	255,000
Ritz-Carlton Chengdu	Chengdu Panda City	5-star hotel 350 rooms	47,000
Huizhou			
Renaissance Huizhou Hotel	Huizhou Li Gang Center	5-star hotel 345 rooms	54,000
Hilton Hotel Longmen Huizhou Resort	Longmen Project	5-star hotel 350 rooms	45,000

Hainan			
Doubletree Resort by Hilton, Haikou-Chengmai	R&F Mangrove Bay	5-star hotel 300 rooms	38,000
Xian			
R&F Holiday Inn Xian Qujiang	Xian R&F City	4-star hotel 380 rooms	50,000

* Completed

Outlook

The Group does not expect current regulatory measures to be relaxed or the credit situation to ease in the coming year; on the contrary, they are likely to see further tightening. This will definitely impact on the property market, although their precise effects cannot be clearly foreseen. The Group remains confident of seeing long-term healthy growth of the property market, driven by fundamental forces such as urbanization and higher incomes driving aspiration for better living conditions, but in the shorter term it will carefully monitor market trends and be prepared to adapt its business plan as necessary. The Group's contracted sales target for 2011 is RMB40 billion, to be achieved from sales of around 40 projects in 13 cities, and delivering 2.90 million sq.m. of properties. The details are set out below:

	To be completed in 1st half of 2011		**To be completed in 2nd half of 2011**	
Location	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Guangzhou	220,000	164,000	544,000	433,000
Huizhou	-	-	53,000	53,000
Hainan	57,000	57,000	161,000	159,000
Chongqing	161,000	153,000	306,000	252,000
Chengdu	54,000	43,000	104,000	96,000
Beijing	87,000	83,000	313,000	297,000
Tianjin	109,000	101,000	311,000	293,000
Taiyuan	115,000	108,000	258,000	244,000
Xian	48,000	45,000	55,000	50,000
Shenyang	12,000	12,000	43,000	43,000
Shanghai and vicinity	29,000	22,000	139,000	137,000
Nanjing	-	-	51,000	51,000
Total	**892,000**	**788,000**	**2,338,000**	**2,108,000**

FINANCIAL REVIEW

The Group's net profit for the year increased by 52.6% to RMB4.456 billion, from RMB2.921 billion in the previous year. This satisfactory result was due to a general improvement across all the Group's business segments. Net profit from the Group's core business of property development rose by RMB1.082 billion on a 35.3% increase in turnover from sale of properties. Results from the Group's property investment tend to fluctuate more widely, being affected by changes in the fair value of its investment properties. This year, fair value gain on investment properties (net of income tax) amounted to RMB685 million, against RMB453 million in 2009, and was the direct cause for the 53.2% increase in net profit from property investment, which rose to RMB765 million. Due to a continued rise in occupancy rates, total revenue from the Group's hotel operations increased by 51% to RMB610 million, raising operating profit to RMB122 million. After deducting finance costs and hotel depreciation, the result was a net loss from hotel operations of RMB127 million, lower than the net loss of RMB179 million the previous year. The Group's other business segments (including construction services) recorded a net profit of RMB51 million.

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

1. Turnover increased by 35.3% to RMB22.97 billion, from RMB16.98 billion in the previous year. The amount of saleable area sold increased by 30.6%, less than the percentage increase in turnover, to 2.256 million sq.m. from 1.728 million sq.m. in 2009, with an overall average selling price of RMB10,180 per sq.m. as compared to RMB9,830 per sq.m. the year before. The higher average selling price reflected the generally favorable market conditions at the time of sales of those properties completed during the year; the average selling price increased for all cities except in Beijing where it fell, being impacted by the sales mix there. As with last year, Guangzhou's turnover was highest of the 12 cities although its share of total turnover fell from 42% to 31%, on a turnover which decreased to RMB7.075 billion (2009: RMB7.085 billion). Of this turnover, 63% came from residential projects that included three new projects, R&F Golden Jubilee Garden, R&F Junhu Place and R&F Hot Spring Village, that made first deliveries during the year; their combined turnover was RMB2.54 billion. Turnover from other residential properties, amounting to RMB1.89 billion, came mainly from R&F Jin Gang City and mature projects R&F City and R&F Peach Garden. The other 37% of turnover in Guangzhou was from commercial properties sales, which included RMB2.382 billion from the year's top project, the R&F Yingxin Plaza office building in Pearl River New Town. With regard to the average selling price in Guangzhou, the Group's ongoing residential projects with comparable average selling prices in the previous year and the commercial properties projects in Pearl River New Town generally saw an increase of over 25%. The overall average selling price for Guangzhou increased to a lesser extent by approximately 11% to RMB13,660 per sq.m., mainly because of the impact of the sales mix there. Lower priced projects, such as R&F Jin Gang City with an average selling price of RMB5,710 per sq.m., accounted for 13.6% of the total Guangzhou turnover. Sales in Beijing increased by 71% to RMB5.866 billion (2009: RMB3.423 billion) and accounted for 26% (2009: 20%) of the Group's total turnover. The increase in turnover was mainly due to delivery of two new projects, R&F American Dream Island and R&F Danish Town, with turnovers of RMB1.18 billion and

RMB1.00 billion respectively. The remaining portion of R&F Xinran Court completed in 2007 was largely sold during the year, generating RMB931 million in turnover. Projects continuing from the previous year, viz. R&F Festival City, R&F Peach Garden and R&F Bayshore, contributed steady turnover and made up 41% (2009: 85%) of the total turnover from Beijing. Beijing was the only city with a decrease in the overall average selling price, which dropped to RMB10,570 per sq.m. from RMB12,040 per sq.m. This was mainly due to the selling price of R&F American Dream Island, a low-income housing project. Turnover from Tianjin increased for the fifth consecutive year and by a significant percentage. The same three projects, viz. R&F City, R&F Jinmen Lake and R&F Peach Garden, generated combined turnover of RMB4.174 billion at an average selling price of RMB10,050 per sq.m., a 40% and 9% increase respectively over the 2009 figures. Ranking behind the aforementioned three cities in turnover were Chongqing, Taiyuan and Hainan, each of which accounted for approximately 5% of the Group's total turnover. Turnover from Chongqing increased by 10% from RMB1.061 billion in 2009 to RMB1.170 billion for the year. The fast maturing project R&F City almost doubled its turnover to account for approximately 90% of Chongqing's total turnover. The other 10% came from R&F Modern Plaza, which last year accounted for 39% of turnover in Chongqing. The average selling price for Chongqing as a whole increased by 24% to RMB6,340 per sq.m. As for Taiyuan and Hainan, their turnover increased by 290% and 178% respectively as more properties were completed; both cities had an additional project with first-time delivery during the year - R&F Modern Plaza with turnover of RMB417 million in Taiyuan, and R&F Yingxi Village with turnover of RMB147 million in Hainan. A significant increase in the average selling price of Hainan's main project R&F Bayshore, which rose by 62% to RMB16,140 per sq.m., was another important factor behind the increase in turnover for Hainan. The average selling price was relatively stable for Taiyuan. Chengdu contributed RMB271 million in turnover for the first time, with first delivery from its two projects in the city, R&F Peach Garden and phase I of R&F Panda City. The remaining cities including Xian, Huizhou and Shanghai had a combined turnover of RMB2.05 billion (2009: RMB1.70 billion), which made up 9% (2009: 10.0%) of the Group's turnover. Average selling prices in these cities varied from a high of RMB10,530 per sq.m. in Shanghai to a low of RMB6,220 per sq.m. in Xian.

2. Cost of goods sold comprised four main components, of which land and construction costs were the most important, making up 85% of the Group's total costs. Business tax and capitalized interest made up the other 15%. Overall land and construction costs per sq.m. amounted to RMB5,360, approximately the same as the previous year. This stability reflected that fact that the effects of price increases on the main elements of construction were offset by the project mix; e.g. land and construction costs in Guangzhou fell to RMB5,320 per sq.m. from RMB6,240 per sq.m., as R&F Jin Gang City with its lower than average land and construction costs of RMB3,130 per sq.m. became a more significant part of turnover from Guangzhou. Apart from in Guangzhou, land and construction costs for most other cities experienced no notable change, except for Chongqing and Xian where there was an approximately 15% increase. Land and construction costs ranged from highs of RMB6,320 per sq.m. for Beijing to lows of RMB3,190 per sq.m. in Taiyuan. Capitalized interest made up a major part of the cost of goods sold; the amount included in cost of sales was RMB838 million (2009: RMB1.019 billion), representing approximately 5.9% (2009: 8.8%) of total costs. As a percentage of turnover from sale of properties, capitalized interest decreased to 3.6% from 6.0%. The cost of goods sold also included RMB1.352 billion in business tax, making up 9.5% of costs.

3. Overall gross margin for the year increased to 37.9%, from 31.6% in 2009. Much of the turnover recognized for the year arose from contracted sales made during a period of rising market prices, which was the main reason for the significant increase. Major projects (i.e. with turnover over RMB1 billion) continuing from last year all experienced satisfactory increases in selling price ranging from 15% for R&F City in Tianjin to 62% for R&F Bayshore in Hainan. This increase in selling prices caused the gross margin of this group of projects to increase by 10%. An outstanding gross margin of 67% achieved for the top project R&F Yingxin Plaza in Guangzhou, new for the year, further help boost overall gross margin. On the other hand, one factor negatively affecting gross margin was the inclusion of the low income housing project R&F American Dream Island in Beijing, which had a gross margin of only 12%. The negative impact of this on the Group's overall gross margin is estimated to be approximately 1.4 percentage points. Reduction of capitalized interest as a percent of turnover was another factor favorable to gross margin.

4. Other gains mainly arose from profit on the sales of certain remaining units of the office tower adjoining the Guangzhou Grand Hyatt Hotel, and interest income.

5. Selling and administrative expenses as a percentage of turnover decreased to 5.7% from 5.9% in the previous year, as the Group further benefited from economies of scale. During the year, the Group's contracted sales increased by 33% to RMB32 billion, with 40 projects on sale and 35 projects under development. In terms of amounts, selling and administration expenses for the year increased by 31% or RMB312 million, to RMB1.311 billion. The breakdown shows that selling expenses increased by RMB57 million to RMB363 million, while administrative expenses increased by RMB255 million to RMB948 million. Making up 51% of selling expenses similar to last year, advertising costs increased by 16% to RMB186 million. The Group continued to make its advertising more efficient; contracted sales per RMB million of advertising expenditure increasing to RMB173.7 million in the year from RMB151.6 million. The main component of administrative expenses was manpower costs which amounted to RMB490.2 million and made up 52% of administrative expenses.

6. Finance costs increased by 86% to RMB940.8 million (2009: RMB505.3 million). As these costs include interest expenses incurred in the year after deduction of amount capitalized to development costs, finance costs were affected by the total debt amount, the interest rate, and the amount of interest being capitalized. With outstanding loans (excluding corporate bonds) of approximately RMB22 billion and an average interest rate of 5.3%, total interest expenses for the year amounted to RMB1,217 million. This was 9% less than the interest expenses for 2009, mainly as a result of lower interest rates. However, the amount of interest capitalized also fell by RMB244.5 million, resulting in a net increase in finance costs. Capitalized interest released to cost of goods sold amounted to RMB838 million, as compared to RMB1.019 billion for the previous year. Aggregate interest costs included in this year's results amounted to RMB1.779 billion (2009: RMB1.524 billion).

7. Land appreciation tax ("LAT") of RMB1.747 billion (2009: RMB821.5 million) and Enterprise Income Tax of RMB1.439 billion brought the Group's total income tax expenses for the year to RMB3.186 billion. As a percentage of turnover, LAT increased to 7.6% from 4.8% in 2009. This increase was due to the generally higher gross profit margins and for certain projects in particular; for example, Guangzhou R&F Yingxin Plaza attracted a relatively high LAT equivalent to 2.3% of total turnover. The effective enterprise income tax rate stood at 27.6% (2009: 27.3%), deviating from the standard rate by 2.6% because of permanent differences limiting the tax deductible amount.

8. Overall the Group's net profit margin for the year was 18%, as compared to 16% in the previous year. Major factors for this increase were the substantial fair value gain for the year and the overall improvement in the Group's gross profit margin for property development.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2010, the Group has approximately 15,278 employees (31 December 2009: 6,436). 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 2010 at RMB0.4 per share. The proposed dividend, if approved by the shareholders at the annual general meeting (the "AGM") on 27 May 2011, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on 27 May 2011. The proposed final dividend has not been reflected in the financial statements as at 31 December 2010.

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 2010 AGM of the Company will be held on Friday, 27 May 2011 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 Tuesday, 26 April 2011 to Friday, 27 May 2011 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 Thursday, 21 April 2011.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2010, 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 2010.

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 2010.

Audit Committee

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

The audit committee comprises Mr. Lai Ming, Joseph (Chairman of the audit committee) and Mr. Dai Feng who are independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The Audit Committee has reviewed the annual results for the year ended 31 December 2010.

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

24 March 2011

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

.* *For identification purpose only.*