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)

2013 Interim Results Announcement

Financial Highlights

- Turnover for the six months ended 30 June 2013 was RMB10.19 billion, an increase of 21% as compared with the corresponding period of 2012.
- Profit attributable to owners of the Company increased 11% to RMB1.45 billion.
- For the core business of property development, gross margin amounted to 38% with net profit increased by 35% to RMB1.26 billion.
- Cash as at 30 June 2013 amounted to RMB19.3 billion.
- Net debt to equity ratio was 100.9%.
- Average cost of bank borrowings for the period was 6.6%.
- Earnings per share amounted to RMB0.4538, increased from RMB0.4077 per share for the same period of 2012.
- Interim dividend of RMB0.12 per share.

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

RESULTS AND DIVIDEND

For the six months ended 30 June 2013, profit attributable to equity holders of the Group increased by 11% over the corresponding period last year to RMB1.45 billion, while total turnover rose by 21% to RMB10.19 billion. The increase in net profit was largely due to better results from the Group's core business of property development.

Turnover and profit from property development for sale increased by 22% and 35% respectively, with turnover reaching RMB9.02 billion and profit RMB1.26 billion. The increase in turnover and profit was mainly due to a significant increase in the delivery of area sold of 972,900 sq.m., representing an increase of 84%. We completed a total saleable area of 854,000 sq.m. on schedule, representing approximately 30% of our estimated full year completion. Our gross margin in the period remained satisfactory. With regard to the Group's other key business segments, revenue from property investments increased by 16% to RMB339 million, while the hotel operations saw a temporary decline in results due to the addition of two hotels newly opened in 2012 which are still establishing themselves. The Group's cash flow remained strong and culminated in a cash balance of approximately RMB19.3 billion at the end of the period. The directors have resolved to declare an interim dividend of RMB0.12 per share.

BUSINESS REVIEW

The property market in the first half of 2013 continued to be shaped significantly by government policy. The government has clearly laid out its objectives for the property market and implemented policies to achieve them; as a result, unpredictability in the business environment arising from regulatory measures has lessened. The government's major policy objectives remain threefold: to stabilize prices, to reduce speculation, and to increase the supply of affordable housing, and the control measures it has adopted to achieve these objectives have been skillfully and systematically introduced. The last round of measures introduced in February came as no surprise to the market, including as it did an effective reiteration of existing measures, and the ramping up of pressure on local governments to follow policy closely. This to a significant extent contributed in part to the relative stability of the business environment. No less important, however, were the effects of two fundamental drivers of the market: urbanization and growth in household income. Urbanization, for which there remains huge scope in China, clearly implies a long-term need for growth in the supply of housing. Premier Li Keqiang has emphasized how important urbanization is for sustaining the country's economic development. Household income has also been growing strongly, although recently concerns have been raised about the slowing of the country's GDP growth. Barring a significant downturn of the economy or runaway house prices, there remains significant potential for a rise in household disposable income, which will in turn increase the number of households able to afford private housing. Between them, urbanization and household income growth underpinned sustained demand in the period under review, as they will continue to do going forward. Generally, the property sector showed some strength in the first half of 2013, in the context of a reasonable business environment which supported healthy demand and a modest rise in prices.

The Group set a contracted sales target of RMB42 billion for 2013, representing a 23% increase over its actual contracted sales for 2012. This growth target, higher than the growth rate achieved by the Group over the past few years, was based on a business plan that included an in-depth assessment of the current business and economic environment. The plan was formulated based not only on our sales and marketing expectations, but also took into account all the Group's other key operations, including (among others) construction, land banking, and financing. Achieving the 2013 target will see the Group take a major step forward towards implementing its long-term strategic vision.

The Group's contracted sales for the first half of the year amounted to RMB18.58 billion, around 44% of the full-year target. As a percentage, this was better than our past achievements at mid-year. Overall, contracted sales were in line with our detailed underlying monthly sales plan for different cities with several cities exceeding their targets. To achieve these contracted sales, the Group took previously effective sales strategies and further refined them, while at the same time raising the precision of its execution in order to better tackle the large and extremely varied China property market. The Group also continued to maintain a well-balanced product line, which includes apartments suited to first-time home buyers (in industry jargon, "rigid-demand" type products), commercial properties in carefully-chosen locations favoured by both large and small businesses, and a certain proportion of higher-end products in suitable markets. Offering a full product line across 15 cities proved effective in coping with the impact of home purchase restrictions. At the same time it perfectly positioned the Group to take advantage of upswings in demand for particular products or in a particular geographical area, as can be seen from some of the contracted sales results in the period. In Taiyuan, for example, which the Group entered relatively recently, contracted sales of over RMB2.0 billion were achieved from three residential projects primarily in the rigid-demand product category. This was an achievement not far behind those of the Group's market strongholds of Beijing and Guangzhou. Guangzhou's contracted sales amounted to RMB4.57 billion, higher than all other cities. This was due in part to the Group having several commercial projects in its product line, each with a different kind of appeal for commercial buyers. The for-sale office buildings R&F Yingtong Plaza and R&F Yingkai Plaza brought in RMB2.62 billion in sales and accounted for more than half of Guangzhou's contracted sales, or 14% of overall contracted sales of the period. The sales performance of Hainan is another case in point, showing how our product diversification and geographical diversification have enabled us to capture changes in market demand. The Hainan market has been through an extended down phase, but has seen very significant new buyer interest since the beginning of the year. With the right products on offer, the Group's three vacation and retirement residential property themed projects in Hainan recorded contracted sales of RMB1.77 billion in the period, already more than double Hainan's entire contracted sales for the previous year.

Exceptional execution of the Group's effective sales and marketing strategies contributed directly to satisfactory first half year sales, and those strategies were supported by a whole spectrum of other related activities. These included, among others, construction to provide a sufficient project pipeline, and land banking to ensure enough land is available for building to enable long-term growth. On the construction side, the pace was stepped up in response to the year's increased sales target. The Group started construction of 2.83 million sq.m. GFA in the period, and the total area under construction at the end of June 2013 amounted to 9.17 million sq.m. GFA, approximately 25% more than the amount as at the end of 2012. Sales permits with an approximate property value of RMB44 billion were obtained, and further sales permits of over RMB40 billion are expected for the second half of the year. This will mean that all sales should be launched on schedule, including a total of eight new projects in the second half, the first of which in Beijing was successfully launched in July as planned.

As for land acquisitions, the Group brought its usual discipline to this core task. Our view is that the current government leaders supports the long-term healthy development of the property market and this implies that the year shall likely be marked as the beginning of a market-driven upward phase of the property cycle. Accordingly, we have further expanded our high quality, cost competitive land bank. Following our entry into Hangzhou in late 2012 when we acquired two pieces of land at very competitive cost, in June 2013 the Group made its first acquisition in metro Shanghai, when it acquired 250,000 sq.m. of land in Hongqiao, again at a favourable price. Since the beginning of the year, it has added 7.8 million sq.m. of land to its land bank at relatively low prices of approximately RMB1,320 per sq.m., including 5.7 million sq.m. in four new cities, Changsha, Guiyang, Meizhou and Wuxi. This takes the number of cities where the Group operates from 15 to 19, lifting its geographical diversification to a new level. The other land additions were in our existing markets of Beijing, Guangzhou, Tianjin, Shanghai, Hangzhou and Datong. As at 30 June 2013, our total attributable land bank amounted to approximately 34.1 million sq.m. of saleable area.

The Group will not add to its investment property portfolio until the Ritz-Carlton, Chengdu opens, planned for the fourth quarter of 2013. Our portfolio currently consists of six hotels, two grade-A office buildings and two shopping malls, all of which are choice assets with strong income-generating ability and significant potential for long-term capital appreciation. Gross rental income from this portfolio continued to rise in the period, by 11% as compared to the corresponding period in 2012, to RMB750 million. The Group's hotel operations remained healthy, with its mature hotels maintaining high occupancy rates despite increasingly keen competition in their respective markets. The Ritz-Carlton Chengdu which is now in its final phase of pre-opening preparations, will add new impetus to the operation. Two newer hotels opened in 2012, Renaissance Huizhou Hotel and Hyatt Regency Chongqing which were in their pre-maturing period, however, temporarily adversely affected the results of the hotel operation in the period. Rental income from the office buildings in Guangzhou and Beijing, both named R&F Center, increased despite the fact that both are already close to full occupancy. This was made possible due to the Group's continuous efforts to enhance the buildings' maintenance and property management standards, which has helped attract high-quality tenants willing to pay a premium market rental. As for shopping malls, the Group intends to build up a countrywide shopping mall chain under the R&F Plaza brand name, which will be synonymous with a shopping experience that is convenient, relaxing and enjoyable. In line with this, the Tianhu Mall in Chengdu has been renamed Chengdu R&F Plaza, becoming the second R&F Plaza after Beijing R&F Plaza. Further R&F Plazas will be opened in due course in other cities, including Tianjin and Harbin. The Beijing R&F Plaza has already emerged as a lively shopping mall generating strong rental revenues; the Chengdu R&F Plaza meanwhile has room for further improvement, something almost guaranteed when the adjoining Ritz-Carlton Chengdu opens shortly. All in all, the Group firmly believes in the value to its business of a quality investment property portfolio, and is committed to growing it at a pace and in a manner most suited to the Group's business model.

The Group's financing activities and its ability to access financing has played an important part in supporting the operating activities mentioned above. Earlier in the year, in January 2013, the Group took advantage of favourable windows in the offshore capital market to issue US$600 million of 7-year 8.75% Senior Notes. The issuance of a 7-year debt instrument was a significant step towards establishing a longer-term debt profile. The main part of our financing, however, continued to come from regular construction loans, which we managed to procure successfully. The Group has also been actively working to replace certain financing that carries higher interest rates; when completed, this will reduce its overall financing costs.

GOING FORWARD

The property industry has an important role to play in China's economy, and will continue to benefit from the country's drive towards urbanization. Given this, industry competition is likely to remain intense. The Group's strategy for leading the competition is to continue investing in quality, and to continue promoting its trusted brand. At the same time, it will work towards perfecting its execution when implementing its proven sales strategies. We will concentrate our efforts in cities that are close to our headquarter cities, Beijing in the north and Guangzhou in the south. This should help enhance our management efficiency, and enable us to deploy our resources more effectively too. We also plan to take differentiation of our product design to a higher level, by rolling out some designs aimed at the particular requirements of first- and second-tier cities, alongside others more suited to third- or fourth-tier cities. Skillful execution of our strategies will help assure gradual, stable growth of the Group's business. The Group is strongly positioned to take advantage of the return to healthy long-term growth of the property market, and we are therefore confident that we will be able to attain our contracted sales target of RMB42 billion for the full year.

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2013 increased to RMB1.46 billion, from RMB1.30 billion for the corresponding period in the previous year. The increased profit was mainly driven by better results from the Group's core business of property development. Profit from property development accounted for 86% of the Group's total net profit and amounted to RMB1.26 billion. Compared to the previous period, net profit increased by 35%, based on an 84% increase in terms of saleable area of delivery to 972,900 sq.m. in the period. The increased profit from property development was however partially offset by the increased net loss from the hotel operation, along with the increased net losses of "All Other Segments" (not including property investment). Two newer hotels opened in 2012, Renaissance Huizhou Hotel and Hyatt Regency Chongqing, and their operating losses in the pre-maturing period was the main reason for the increase in the net loss of the hotel operation. The operating loss from the football club accounted for much of the loss of "All Other Segments". Profit from property investment, leaving aside any fair value gain, increased by RMB35.8 million to RMB138.8 million.

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

1. Turnover increased by 22% to RMB9.02 billion, from RMB7.37 billion in the same period in 2012. The Group completed and delivered properties in 11 cities in the six months ended 30 June 2013. The amount of saleable area sold increased by 84%, more than the increase in turnover, to 972,900 sq.m. from 529,900 sq.m., reflecting a decrease in the overall average selling price by 33%, from RMB13,900 to RMB9,300 per sq.m. This decrease was mainly due to a change in the sales mix, with a larger proportion of total turnover coming from sales of rigid-demand type residential properties in the period. The main example was Guangzhou's R&F Jingang City, which had an average selling price of RMB7,700 per sq.m. and RMB1.06 billion in turnover, the highest turnover in the period and one which made up 12% of total turnover. Also, combined turnover for Chongqing, Xian and Huizhou, which mostly offered rigid-demand products at a lower average selling price increased to 21% of total turnover (from 8% in the previous period). On the other hand, unlike in the previous period when one fifth of turnover was derived from commercial properties with a higher selling price, turnover in the current period from commercial properties was not significant. Turnover in the period was more geographically balanced than previously. Although Guangzhou continued to have the highest turnover of all cities where the Group operates, it only accounted for 27% of total turnover, significantly down from 47% in the previous period. In terms of amount, turnover in Guangzhou amounted to RMB2.47 billion and was mainly derived from the aforementioned R&F Jingang City and four other residential projects. The top three cities ranked by turnover in the period were Guangzhou, Beijing and Tianjin; together they accounted for 57% of total turnover as compared to 80% from the top three cities (Guangzhou, Tianjin and Shanghai) in the previous period. The remaining 43% of turnover for this period was relatively evenly contributed by the other eight cities in which the Group operated; Chongqing, Xian, Huizhou and Hainan contributed approximately 7% each, and Shanghai, Taiyuan and Chengdu approximately 4% each.

The following is the summary of turnover by city:

City	**Amount of turnover (in RMB million)**	**Saleable area sold (sq.m.)**	**Avg. Selling Price (RMB/sq.m.)**
Guangzhou	2,469	240,200	10,300
Beijing	1,539	92,900	16,600
Tianjin	1,149	114,300	10,100
Hainan	696	56,700	12,300
Huizhou	649	116,000	5,600
Chongqing	629	126,200	5,000
Xian	605	86,400	7,000
Taiyuan	425	46,800	9,100
Shanghai and vicinity	359	28,800	12,500
Chengdu	317	48,800	6,500
Nanjing	179	15,800	11,300
Total	**9,016**	**972,900**	**9,300**

2. Cost of goods sold was made up of land and construction costs, capitalized interest, and sales tax. For the current period, land and construction costs made up 87% of the Group’s total costs, as compared to 83% in the prior period. In terms of costs per sq.m., land and construction costs decreased to RMB5,000 from RMB6,400 in the previous period. A main reason for this decrease was that a larger portion of the period’s total turnover came from delivery of rigid-demand type of properties, and from properties in second- or third-tier cities with lower land or construction costs. Capitalized interest included in the period’s cost of sales amounted to RMB192 million, a figure representing approximately 3.4% of total costs, down from RMB253 million and 6.2% for the previous period. As a percentage of turnover from sale of properties, capitalized interest decreased from 3.4% to 2.1%. The cost of goods sold also included RMB542 million in business tax, making up 9.7% of costs.

3. Overall gross margin for the period was 38.2%, as compared to 44.2% in the same period in 2012. One reason for this change is that the gross profit margins of projects in the period were more even; they did not include any with exceptionally high profitability (such as the Pearl River New Town project Guangzhou R&F Yingsheng Plaza), which accounted for 17% of the Group’s turnover in the prior period. In general, many projects with sales directly comparable to those in the previous period experienced a slightly reduced gross profit margin as a result of lower selling prices, but there were exceptions. The gross profit margin of Guangzhou R&F Jingang City, where turnover topped that of all other projects, improved by 18% based on a higher selling price.

4. Other gains were mainly the result of interest income, which increased in line with higher average cash on hand.

5. Selling and administration expenses for the period increased by 24% or RMB170 million, to RMB868 million. This increase was in line with sales growth, considering that the contracted sales target for the year had been increased by 23% over actual contracted sales for 2012. Selling and administrative expenses as a percentage of turnover also remained reasonably stable at 9.6%, as compared to 9.5% in the previous period. These two figures indicate that the Group has its selling and administrative expenses firmly under control.

6. Finance costs increased by 28% to RMB928 million (1H 2012: RMB726 million), and were made up of the interest expenses incurred in the period after deduction of the amount capitalized to development costs. Total interest expenses for the period increased by RMB479 million to RMB1.80 billion, equivalent to an increase of 36%. The amount of borrowing was the primary reason for the amount of interest incurred. Average outstanding borrowings in the period arose by 37% to approximately RMB42.4 billion, from RMB30.9 billion. Of the interest incurred, the amount capitalized for the period was RMB875 million (1H 2012: RMB597 million). Together with previously capitalized interest released to cost of goods sold which amounted to RMB192 million for the period (1H 2012: RMB253 million), aggregate interest costs included in this period's results amounted to RMB1.12 billion (1H 2012: RMB978 million).

7. Share of results of joint ventures were mainly derived from the Group's 33.3% interest in the Guangzhou Liede Project. The project delivered 44,000 sq.m. of sold properties in the period, and generated a net profit the Group's share of which amounted to RMB213 million.

8. Land appreciation tax (LAT) of RMB450 million (1H 2012: RMB630 million) and Enterprise Income Tax of RMB525 million brought the Group's total income tax expenses for the period to RMB975 million. As a percentage of turnover, LAT decreased to 5.0% from 8.5% for the same period in 2012. This considerable decrease was the result of the generally more even gross margin of the projects with turnover in the period, which meant they did not attract a disproportionally high LAT. The effective enterprise income tax rate was 29% (1H 2012: 34%).

9. Overall, the Group's net profit margin for the period was 14.4%, as compared to 15.4% in the previous period. While the net profit of the core property development business improved, a smaller revaluation gain and increased losses from the hotel operations and "All Other Segments" combined to reduce the net margin.

OTHER INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries, nor its jointly controlled entity or associates has purchased, redeemed or sold any of the Company's listed securities.

Directors' compliance with the Model Code for Securities Transactions by Directors

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") as the code of conduct for directors in their dealings in the Company's securities. The Company made specific enquires with each director, and each of them confirmed that he or she had complied with the Model Code during the six months ended 30 June 2013.

Compliance with the Code on Corporate Governance Practices

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other laws and regulations of relevant jurisdictions. In particular, it has observed the rules and principles set out under the Code on Corporate Governance Practices as stated in the Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013.

Audit Committee

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

The audit committee comprises Mr. Lai Ming, Joseph (Chairman of the audit committee) and Mr. Dai Feng who are independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for six months ended 30 June 2013. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Dividend Payment and Closure of Register of Members

The Board has declared an interim dividend for the six months ended 30 June 2013 ("Interim Dividend") of RMB0.12 per share to shareholders whose names appear on the register of members as at 19 September 2013 (the "Record Date"). The Interim Dividend will be paid on 27 September 2013.

The register of members will be closed from 13 September 2013 (Friday) to 19 September 2013 (Thursday) (both days inclusive). In order to establish entitlements to the Interim Dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 12 September 2013 (Thursday).

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

The average of the closing exchange rate for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to 21 August 2013, the date on which the Interim Dividend was declared was RMB0.795558 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.150837.

According to the Enterprise Income Tax Law of the PRC and the Implementation Rules of the Enterprise Income Tax Law of the PRC that became effective from 1 January 2008, the Company is required to withhold PRC enterprise income tax at the rate of 10% before paying dividend to non-resident enterprise shareholders which would include HKSCC Nominees Limited. For non-resident individual H shareholders, the Company will withhold payment of PRC individual income tax on the Interim Dividend according to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Han [2011] No.348) (國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知) (國稅函[2011]348 號) as follow:

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

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

- For other individual H shareholders, the Company will withhold and pay PRC individual income tax at the tax rate as stipulated in the relevant tax regulations or tax treaty on the Interim Dividend on behalf of the individual H shareholder.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 27 September 2013. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

ACKNOWLEDGEMENT

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

Li Sze Lim
Chairman
21 August 2013, Hong Kong

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*

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated balance sheet

	Note	Unaudited 30 June 2013	Audited 31 December 2012
ASSETS			
Non-current assets			
Land use rights		1,090,490	850,398
Property, plant and equipment		5,723,182	5,489,200
Investment properties		13,777,270	13,347,220
Intangible assets		908,499	897,797
Interests in joint ventures		3,920,740	3,795,093
Interests in associates		152,810	179,843
Deferred income tax assets		2,735,315	2,696,531
Available-for-sale financial assets		246,500	224,000
Trade and other receivables and prepayments	5	1,586,469	1,624,219
		30,141,275	29,104,301
Current assets			
Properties under development		46,527,286	39,427,395
Completed properties held for sale		7,984,706	7,964,288
Inventories		262,974	305,812
Trade and other receivables and prepayments	5	9,485,231	7,609,054
Tax prepayments		2,019,445	1,314,646
Restricted cash		6,137,793	5,835,622
Cash		13,122,999	7,026,092
		85,540,434	69,482,909
Total assets		115,681,709	98,587,210
EQUITY			
Equity attributable to owners of the Company			
Share capital		805,592	805,592
Other reserves		4,351,603	4,351,603
Shares held for Share Award Scheme		(167,364)	(167,364)
Retained earnings			
– Proposed dividend	11	383,324	1,597,184
– Others		20,945,118	19,878,940
		26,318,273	26,465,955
Non-controlling interests		376,302	363,919
Total equity		26,694,575	26,829,874
LIABILITIES			
Non-current liabilities			
Long-term borrowings		36,416,902	28,419,956
Long-term payables		791,048	-
Deferred income tax liabilities		2,872,345	2,780,705
		40,080,295	31,200,661
Current liabilities			
Accruals and other payables	6	13,098,083	12,679,479
Dividend payable		1,103,554	-
Deposits received on sale of properties		18,521,195	13,165,205
Current income tax liabilities		6,784,342	7,499,685
Short-term borrowings		1,358,000	1,432,052
Current portion of long-term borrowings		8,041,665	5,780,254
		48,906,839	40,556,675
Total liabilities		88,987,134	71,757,336
Total equity and liabilities		115,681,709	98,587,210
Net current assets		36,633,595	28,926,234
Total assets less current liabilities		66,774,870	58,030,535

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated income statement

	Note	Unaudited Six months ended 30 June 2013	2012
Revenue	4	10,190,635	8,440,258
Cost of sales		(6,499,791)	(4,888,316)
Gross profit		3,690,844	3,551,942
Other gains – net	7	512,645	649,910
Selling and marketing costs		(238,941)	(157,651)
Administrative expenses		(760,538)	(677,558)
Other operating income/(expenses)		50,712	(5,409)
Operating profit	8	3,254,722	3,361,234
Finance costs	9	(927,838)	(725,736)
Share of results of joint ventures		216,858	(27,256)
Share of results of associates		(30,613)	(52,526)
Profit before income tax		2,513,129	2,555,716
Income tax expenses	10	(1,050,744)	(1,256,136)
Profit for the period		1,462,385	1,299,580
Profit attributable to:			
– Owners of the Company		1,449,502	1,302,274
– Non-controlling interests		12,883	(2,694)
		1,462,385	1,299,580
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		0.4538	0.4077

		Unaudited Six months ended 30 June 2013	2012
Dividend	11	383,324	319,437

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Unaudited Six months ended 30 June	
	2013	**2012**
Profit for the period	1,462,385	1,299,580
Other comprehensive income	-	-
Total comprehensive income for the period	1,462,385	1,299,580
Total comprehensive income for the period attributable to:		
– Owners of the Company	1,449,502	1,302,274
– Non-controlling interests	12,883	(2,694)
	1,462,385	1,299,580

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Unaudited						
	Attributable to owners of the Company						
	Share capital	**Shares held for Share Award Scheme**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	805,592	(167,364)	4,351,603	21,476,124	26,465,955	363,919	26,829,874
Comprehensive income							
Profit for the period	-	-	-	1,449,502	1,449,502	12,883	1,462,385
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2013	-	-	-	1,449,502	1,449,502	12,883	1,462,385
Transactions with owners							
Disposal of a subsidiary	-	-	-	-	-	(500)	(500)
Dividend relating to 2012 final	-	-	-	(1,597,184)	(1,597,184)	-	(1,597,184)
Total transactions with owners	-	-	-	(1,597,184)	(1,597,184)	(500)	(1,597,684)
Balance at 30 June 2013	805,592	(167,364)	4,351,603	21,328,442	26,318,273	376,302	26,694,575
Balance at 1 January 2012	805,592	(165,924)	4,316,428	17,569,730	22,525,826	206,548	22,732,374
Comprehensive income							
Profit for the period	-	-	-	1,302,274	1,302,274	(2,694)	1,299,580
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2012	-	-	-	1,302,274	1,302,274	(2,694)	1,299,580
Transactions with owners							
Shares purchased for Share Award Scheme	-	(1,440)	-	-	(1,440)	-	(1,440)
Dividend relating to 2011 final	-	-	-	(1,276,148)	(1,276,148)	-	(1,276,148)
Total transactions with owners	-	(1,440)	-	(1,276,148)	(1,277,588)	-	(1,277,588)
Balance at 30 June 2012	805,592	(167,364)	4,316,428	17,595,856	22,550,512	203,854	22,754,366

(All amounts in RMB Yuan thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Unaudited	
	Six months ended 30 June	
	2013	**2012**
Cash flows from operating activities		
– cash generated from operations	1,738,368	3,819,031
– interest paid	(1,746,495)	(803,956)
– enterprise income tax and land appreciation tax paid	(2,079,242)	(2,059,473)
Cash flows from operating activities – net	(2,087,369)	955,602
Cash flows from investing activities		
– purchases of property, plant and equipment and land use rights	(291,662)	(339,604)
– purchases of intangible assets	(35,505)	(61,578)
– proceeds on disposal of property, plant and equipment	435	70
– proceeds on disposal of investment properties	983	-
– investments in a joint venture	(4,012)	(4,000)
– acquisition of joint ventures	(123,800)	-
– proceeds on disposal of interests in a joint venture	-	500
– cash (advanced to)/repayment from joint ventures and associates	(568,620)	158,505
– interest received	69,392	67,235
Cash flows from investing activities – net	(952,789)	(178,872)
Cash flows from financing activities		
– proceeds from borrowings, net of transaction costs	15,185,691	7,467,799
– repayments of borrowings	(5,461,818)	(3,548,658)
– repayments of finance lease liabilities	(25,111)	(12,555)
– increase in guarantee deposits for borrowing	(118,830)	(658,920)
– purchases of shares for Share Award Scheme	-	(1,440)
– dividend paid to owners of the Company	(442,867)	(460,930)
Cash flows from financing activities – net	9,137,065	2,785,296
Net increase in cash	6,096,907	3,562,026
Cash at beginning of period	7,026,092	4,826,243
Cash at end of period	13,122,999	8,388,269

Notes to the condensed consolidated interim financial information

1. General information

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

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

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

This condensed consolidated interim financial information is presented in RMB Yuan thousands (RMB’000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 21 August 2013.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

The following new and amended standards and annual improvements are mandatory for the first time for the financial year beginning on or after 1 January 2013.

- HKAS 1 (Amendment), “Presentation of financial statements”. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (“OCI”) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 10, “Consolidated financial statements”. The new standard defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- HKAS 27 (Revised 2011), “Separate financial statements”. The revised standard includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

- HKFRS 11, “Joint arrangements”. The new standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- HKAS 28 (Revised 2011), “Associates and jointly ventures”. The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

- HKFRS 12, “Disclosure of interests in other entities”. The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

3. Accounting policies (continued)

(a) New and amended standards adopted by the Group (continued)

- HKFRS 13, "Fair value measurements". The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

- HKFRS 7 (Amendment) "Financial instruments: Disclosures - Offsetting financial assets and financial liabilities". The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- Fourth 2011 annual improvements project. These annual improvements include changes to:

  - HKFRS 1, 'First time adoption'
  - HKAS 1, 'Financial statement presentation'
  - HKAS 16, 'Property plant and equipment'
  - HKAS 32, 'Financial instruments; Presentation'
  - HKAS 34, 'Interim financial reporting'

The adoption of new and amended standards and annual improvements has no material impact on the Group's financial statements except for disclosure.

(b) New and amended standards and interpretations to existing standards effective for annual periods beginning on or after 1 January 2013 but not currently relevant to the Group

- HKAS 19 (Amendment), "Employee benefits".

- HKFRS 1 (Amendment), "Government loans".

- HK(IFRIC) - Int 20 (Amendment), "Stripping costs in the production phase of a surface mine".

(c) Taxes on income in the interim periods are accrued using the average tax rate that would be applicable to expected total annual taxable profit.

4. Segment information

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

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2013 and 2012 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2013					
Segment revenue	9,015,968	364,820	439,288	426,724	10,246,800
Inter-segment revenue	-	(26,270)	(27,391)	(2,504)	(56,165)
Revenue from external customers	9,015,968	338,550	411,897	424,220	10,190,635
Profit/(loss) for the period	1,255,688	461,730	(111,623)	(143,410)	1,462,385
Finance costs	(665,965)	(76,625)	(123,419)	(61,829)	(927,838)
Share of results of joint ventures	216,858	-	-	-	216,858
Share of results of associates	(28,901)	-	-	(1,712)	(30,613)
Income tax expenses	(979,346)	(153,891)	37,207	45,286	(1,050,744)
Depreciation and amortisation	(73,315)	-	(79,584)	(17,028)	(169,927)
Goodwill disposed for sale of properties	(8,362)	-	-	-	(8,362)
(Allowance for)/reversal of impairment losses	(2,073)	-	74	(1,184)	(3,183)
Fair value gain on investment properties	-	430,627	-	-	430,627

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

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

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2013					
Segment assets	93,790,760	13,777,270	4,632,446	499,418	112,699,894
Segment assets include:					
Interests in joint ventures	3,920,740	-	-	-	3,920,740
Interests in associates	103,232	-	-	49,578	152,810
Additions to non-current assets (other than financial instruments and deferred tax assets)	260,060	-	14,178	52,929	327,167
Segment liabilities	31,761,182	-	133,603	515,541	32,410,326
As at 31 December 2012					
Segment assets	77,377,881	13,347,220	4,407,292	534,286	95,666,679
Segment assets include:					
Interests in joint ventures	3,795,093	-	-	-	3,795,093
Interests in associates	128,553	-	-	51,290	179,843
Additions to non-current assets (other than financial instruments and deferred tax assets)	276,493	-	827,862	79,667	1,184,022
Segment liabilities	25,110,250	-	145,613	588,821	25,844,684

(All amounts in RMB Yuan thousands unless otherwise stated)

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

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

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

	As at	
	30 June 2013	**31 December 2012**
Segment assets for reportable segments	112,699,894	95,666,679
Deferred income tax assets	2,735,315	2,696,531
Available-for-sale financial assets	246,500	224,000
Total assets per balance sheet	115,681,709	98,587,210

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

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

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

	As at	
	30 June 2013	**31 December 2012**
Segment liabilities for reportable segments	32,410,326	25,844,684
Deferred income tax liabilities	2,872,345	2,780,705
Current income tax liabilities	6,784,342	7,499,685
Current borrowings	9,399,665	7,212,306
Non-current borrowings	36,416,902	28,419,956
Dividend payable	1,103,554	-
Total liabilities per balance sheet	88,987,134	71,757,336

5. Trade and other receivables and prepayments

	As at	
	30 June 2013	**31 December 2012**
Trade receivables		
- Due from a joint venture	99,318	99,305
- Due from third parties	2,556,533	2,912,248
	2,655,851	3,011,553
Less: allowance for impairment of trade receivables	(1,818)	(1,818)
Trade receivables – net	2,654,033	3,009,735
Other receivables	3,317,925	2,714,903
Prepayments	2,325,235	1,084,430
Due from joint ventures	1,571,325	1,317,840
Due from an associate	1,239,377	1,139,377
Less: allowance for impairment of other receivables	(36,195)	(33,012)
Total	11,071,700	9,233,273
Less: non-current portion	(1,586,469)	(1,624,219)
Current portion	9,485,231	7,609,054

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

At 30 June 2013 and 31 December 2012, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2013	**31 December 2012**
Trade receivables		
0 to 90 days	1,161,341	2,010,999
91 to 180 days	329,101	149,012
181 to 365 days	741,449	350,790
1 year to 2 years	255,507	386,827
Over 2 years	168,453	113,925
	2,655,851	3,011,553

6. Accruals and other payables

	As at	
	30 June 2013	**31 December 2012**
Amounts due to joint ventures	942,342	1,096,399
Amounts due to an associate	4,450	-
Construction payables (Note (c))	6,833,017	7,092,377
Other payables and accrued charges (Note (d))	5,318,274	4,490,703
	13,098,083	12,679,479

(a) The carrying amounts of the Group's accruals and other payables are denominated in RMB, except for balance due to a joint venture amounted to RMB277,358,000 as at 30 June 2013 which is denominated in HKD (31 December 2012: RMB366,415,000).

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

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis for trade payables is presented.

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

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

7. Other gains – net

	Six months ended 30 June	
	2013	**2012**
Fair value gain on investment properties	430,627	574,413
Loss on disposal of property, plant and equipment	(45)	(165)
Gain on disposal of investment properties	406	-
Interest income	69,392	67,235
Others	12,265	8,427
	512,645	649,910

(All amounts in RMB Yuan thousands unless otherwise stated)

8. Operating profit

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

	Six months ended 30 June	
	2013	**2012**
Crediting:		
Reversal of impairment of doubtful debts	(6,877)	(5,382)
Gain on disposal of property, plant and equipment	-	(24)
Gain on disposal of investment properties	(406)	-
Charging:		
Allowance for impairment of doubtful debts	10,060	7,403
Loss on disposal of property, plant and equipment	45	189

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

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

(c) Financial assets were reviewed for impairment as at 30 June 2013. There was no indication of impairment.

9. Finance costs

	Six months ended 30 June	
	2013	**2012**
Interest on bank borrowings	698,383	650,752
Interest on corporate bonds	195,620	195,114
Interest on senior notes	382,162	150,888
Interest on other borrowings	520,283	323,437
Interest on finance lease liabilities	5,890	2,903
	1,802,338	1,323,094
Less: interest capitalised	(874,500)	(597,358)
	927,838	725,736

The average interest rate applied for capitalisation of funds borrowed and used for the development of properties and property, plant and equipment is 9.53% per annum for the six months ended 30 June 2013 (30 June 2012: 8.50%).

10. Income tax expenses

	Six months ended 30 June	
	2013	**2012**
Current income tax		
– PRC enterprise income tax (Note (b))	556,430	540,539
Deferred income tax	44,084	85,986
	600,514	626,525
Current PRC land appreciation tax (Note (c))	450,230	629,611
Total income tax expenses	1,050,744	1,256,136

(All amounts in RMB Yuan thousands unless otherwise stated)

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the six months ended 30 June 2013 (30 June 2012: Nil).

(b) PRC enterprise income tax

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

In respect of the applicable income tax rates for the six months ended 30 June 2013, except for certain construction companies in the Group which were taxed at 2% - 3.75% (30 June 2012: 2% - 3.75%) on their revenue, other businesses within the Group were primarily taxed at 25% (30 June 2012: 25%) on their profits.

(c) PRC land appreciation tax

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

11. Dividend

	Six months ended 30 June	
	2013	**2012**
Interim dividend of RMB0.12 (2012:RMB0.10) per ordinary share	386,684	322,237
Less: dividend for shares held by Share Award Scheme	(3,360)	(2,800)
	383,324	319,437

A final dividend in respect of 2012 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 was declared in the Company's Annual General Meeting on 29 May 2013, of which RMB14,000,000 was declared and paid for shares held by Share Award Scheme.

An interim dividend in respect of six months ended 30 June 2013 of RMB0.12 per ordinary share, totalling RMB386,684,000 was proposed by the board of directors (six months ended 30 June 2012: RMB322,237,000), of which RMB3,360,000 is to be paid for shares held by Share Award Scheme as at 30 June 2013. This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2013.