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)

2014 Interim Results Announcement

Financial Highlights

- Turnover for the six months ended 30 June 2014 was RMB9.82 billion, a decrease of 4% as compared with the corresponding period of 2013.
- Net Profit up 8% to RMB1.58 billion.
- Gross margin of property development was 36% with net profit amounted to RMB788 million.
- Cash as at 30 June 2014 amounted to RMB24.5 billion.
- Net debt to total equity ratio was 92%.
- Average cost of bank borrowings for the period was 6.8%.
- Earnings per share amounted to RMB0.3336.

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 2014. 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 2014, the Group achieved a total turnover of RMB9.82 billion, and net profit of the Group increased by 8% over the corresponding period last year to RMB1.58 billion.

Turnover and profit from the Group's core business of property development amounted to RMB8.37 billion and RMB788 million respectively, based on the delivery of 814,500 sq.m. of area sold. Our gross margin remained satisfactory. Total saleable area of 838,000 sq.m. was completed in the period and represented approximately 23% of the full-year plan. Revenue from property investments increased by 22% to RMB413 million; at the same time a significant revaluation gain from investment properties was registered in the period, contributing to increased overall profit. Revenue for the Group's other key business segment, hotel operations, increased in line with generally better occupancy.

The directors have resolved that no interim dividend be paid for the period.

BUSINESS REVIEW

As China continued to rebalance its economy away from being investment-driven and export-dependent, its GDP growth slowed in the first half of 2014. The slowdown was the result of a deliberate adjustment, and followed naturally after a period of rapid and prolonged economic expansion in recent years. The lower growth target of 7.5% set for 2014 is seen as adequate for maintaining acceptable levels of employment and household income growth, both of which are of more concern than GDP growth *per se*. The central government is confident that the target GDP growth for the year will be achieved given the first and second quarter GDP growth rate of 7.4% and 7.5%, which were effectively on track, especially since it has scope for making policy adjustments if necessary to ensure the target growth is attained. The property sector, which contributes a hefty 16% of GDP, plays an important role in the overall economy; the sector's well-being has a significant impact on the economy both because of its sheer scale and because of the spill-over effect into related sectors such as banking. The government has cautiously taken such macro considerations into account in its regulation of the property market. The basic tone of the government's policy has not changed significantly; its policy objectives remain those of stabilizing prices, reducing speculation, and increasing the supply of affordable housing. In regulating the property market, the government has placed greater emphasis on market mechanisms than on administrative measures, and the measures that have been implemented, have generally been successful in preventing the market overheating without placing undue restraint on the healthy development of the property industry. The government is now beginning to be less insistent on rigid across-the-board enforcement of the control measures in every cities. Instead it is now tending to give more latitude to local governments, as can be seen in the recent relaxation of the home purchase restriction ("HPR") in many tier 2 and 3 cities. Nevertheless, with HPR being continuously enforced in most tier 1 cities, and the government maintaining a relatively tight rein on credit, the business environment is not without challenges. On the positive side, two very important drivers supporting the property market remain firmly in place. Real household income is expected to continue to rise despite the deceleration of the economy; and urbanization is far from over, even though to date China’s urban migration is already the greatest in history. Indeed, the flood of rural dwellers leaving their land is set to accelerate rather than slow down, with the government expected to spend trillions renminbi in the next few years to expand urban areas and support necessary infrastructure. With such fundamentals undiminished, combined with the favourable development whereby the central government has begun to allow city governments to adapt certain control measures to local conditions (e.g. appropriate adjustment of HPR and more ready financing for first-time home buyers), the business environment for the remainder of the year is not expected to pose insurmountable difficulties for the Group in executing its business plan.

The Group has at the beginning of the year set its target contracted sales at RMB70 billion for the year. This target represents a 66% increase over the actual contracted sales of 2013, and is double that of two years ago. This increase in the target arose from the Group’s view that 2014 would be an opportune year to pursue more rapid growth, for several reasons. First and foremost is our expectation, as described above, that the business environment will remain stable at both the regulatory and market levels during the period in which the Group plans to expand. Another reason is that the Group is well prepared in terms of its execution capability for expanding its scale of operations to a new level. Having proceeded at a relatively modest pace of growth over the past few years, the Group has accumulated valuable expertise in every facet of the business while at the same time collecting a pool of competent personnel. Preparedness on the product development front has also been achieved, as the Group has expanded into more cities and has a good number of projects under development and ready to launch.

Contracted sales in the first six months of the year amounted to RMB25.8 billion. Although contracted sales fell short of the full year target on a time pro-rata basis, they importantly performed as expected in line with the projects launched during the period, in a market that was not particularly robust. The period’s contracted sales did, however, represent a 39% increase over the same period last year. This increase reflected the increasing depth and breadth of the Group’s operations both in terms of geography and product range. The number of cities contributing to contracted sales increased from 14 to 18, with new additions including Foshan and Baotou. These two cities combined to contribute RMB1.24 billion in contracted sales, equivalent to 5% of the total, a promising initial contribution. In terms of the number of projects, the Group offered 47 projects, five more than in the corresponding prior period. Brand-new projects, which often provide strong sales impetus, are mostly planned for launch in the second half of the year; there were just three in the first half. Sales in the period therefore mainly came from ongoing projects that were well-balanced by product type, including rigid-demand housing, mid-market and luxury residential properties, and commercial properties meeting different demands. Such carefully planned product diversity, coupled with the Group’s especially strong niche of office properties, has proved effective in ensuring relative stability in its sales performance through market cycles. This was again demonstrated in its contracted sales for the period, in which the sales of office properties amounting to RMB5.4 billion provided strong support for total contracted sales, the other part of which was mainly made up of residential properties that included significant contributions from rigid-demand housing projects. In sum, the Group has a tactical framework in place to ensure stable and predictable sales.

As we have always emphasized when discussing our sales, business growth requires many other tasks in the development process besides sales and marketing to be carefully coordinated. The sales expansion seen in the period and the further acceleration planned for the year will be supported by a matching construction program, along with the maintenance of a land bank for sustained development. On the construction front, as the result of construction started in the period on an area of 4.8 million sq.m. GFA (higher than in any previous period), the total GFA under construction at the end of June 2014 further increased to 13.8 million sq.m., approximately 38% more than the area as at the end of 2013. Based on the scale and progress of the projects under construction, we expect that saleable resources amounting to RMB92 billion by property value will be available in the second half of the year, lifting the total for the full year to RMB118 billion.

As for land bank, the other critical component of our business growth equation, at the end of the period the Group was holding a quality portfolio which amounted to approximately 44 million attributable saleable sq.m. Following generally more active acquisition, especially in 2013, the Group's land bank has close to doubled in terms of saleable sq.m. in the last 36 months, while distribution by city has risen from 15 to 25. Despite our goal of accelerating our build-up of land bank to support the Group's target growth, we have continued to apply the usual stringent criteria for land acquisition. The Group has so far been successful in maintaining the average cost per sq.m. of its land bank at a very reasonable level, but this may come under pressure going forward since the cost of land in China is more likely to go up than down. Given this reality, though China will absolutely remain our primary market in the foreseeable future, we will not limit ourselves to its borders. Other markets that possess a suitable cost structure and a stable business, political and legal environment will not be ruled out. Among other requirements for a suitable cost structure, we require the cost of land not to exceed a relatively low percentage of the total cost. This was the rationale for our first foray into Malaysia in December last year, and we have also carried out in-depth studies of a couple of other prospective oversea markets. The land additions in the period were sites in Shanghai, Hainan, Tianjin and Fuzhou totaling 1.47 million sq.m. saleable area, most of which supplemented existing development sites which have proved successful.

Since the opening of The Ritz-Carlton Chengdu in October 2013, there has been no significant addition to our investment property portfolio. As at 30 June 2014, our investment properties comprised three main categories: seven hotels (of which all but one are 5-star hotels), two grade-A office buildings, and two shopping complexes. The Group's hotels are managed by internationally renowned hotel managers and have performed well in the period, despite keen competition in their respective markets. Our mature hotels maintained occupancy that at least equalled the already satisfactory rates achieved in 2013, while our relatively newer hotels also put in strong performances, showing significant improvements in occupancy as they matured. For example, the occupancy rate of the Chongqing Hyatt Regency, which opened in 2012, rose to over 70% in the period, a very acceptable level on its own terms and more so when the extent of its increase from 2013 is taken into account. Occupancy of the two R&F Center office buildings in Beijing and Guangzhou, with their excellent locations and superb quality and maintenance features, has been practically full for some time, and can be counted on to generate strong and stable rental income. Both R&F Centers also showcase the high standard of commercial properties developed by the

Group. In the category of shopping malls, the Group currently has two R&F Plazas in operation, in Beijing and Chengdu. We plan to open further R&F Plazas in due course in other cities to form a countrywide chain. One such project at an advanced stage of construction is the shopping mall attached to the office building R&F Tianyu Plaza in Guangzhou. When it opens, this shopping mall will be the Group's third to be situated in a carefully selected location offering the promise of high shoppers traffic. The existing Beijing R&F Plaza has already established itself as a prime shopping and entertainment venue, and is generating strong rental revenues. As for the Chengdu R&F Plaza, in which an outside party has a minority interest, we intend to make any necessary overhauls to further improve its performance once the Group has gained complete ownership, which we expect to happen in the next few months. To sum up, the strong and reliable cash flow from our investment properties has benefitted the Group significantly, putting aside the potential that this quality portfolio has for substantial capital appreciation. Rental income from this portfolio is bound to grow, not only from the three mainstream categories mentioned above, but also due to increasingly significant contributions from other areas such as our various retail properties and rental logistics facilities.

On the financing front, the Group has continued to utilize a broad range of financing options, of which the most significant remain domestic bank construction loans. We continue to enjoy good support from the banking community, thanks in no small part to our flawless credit record and the transparency of our financial management. Domestic bank loans are a reliable source of financing which offer reasonable interest rates, but the Group will not ignore other types of financing that possess desirable characteristics, such as perpetual capital instruments that offer a long tenor, and trust financing which provides flexibility in the use of proceeds. The Group is currently pursuing the issuance of domestic corporate bonds which if successful, will have the benefits of size and favourable interest rate. Offshore bonds have also become a more significant component, accounting for 18% of the Group's overall financing at the end of the period. The Group has held credit ratings from all three major rating agencies since December 2013. As a result, the US$ debt offering of the Group appealed to a wider group of investors and enabled the Group earlier in the year to successfully issue a 5-year US$1 billion 8.5% bonds due 2019, the largest issue in a single tranche by a PRC property developer in the offshore market. The Group is now an issuer with a reasonable degree of recognition among fixed income investors, and this will provide more certainty of success the next time the Group taps the offshore bond market.

GOING FORWARD

Achieving our business plan will require us to ensure our products are competitive and our strategies are skillfully executed, two goals that will enable the Group to weather the ups and downs of the market. The second half of the year will see us selling 60 projects in 22 cities across the country, including a good mix of different product categories and also some 19 brand new projects. We are cautiously optimistic that the fundamentals of the market will remain intact and sufficient business opportunities will arise. However, the current state of the market justifies the decision to carry out a conservative and realistic review of our business plan. Having reviewed all relevant factors, the Group's contracted sales target for the year has been revised to RMB60 billion. As for the outlook for the land bank, the fact that we have already amassed a quality land bank which can meet our development needs even when growth is accelerated means that the Group can afford to be both choosy and opportunistic about further land bank acquisition, as well as more reactive to any changes in market trends.

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2014 increased to RMB1.58 billion, from RMB1.46 billion for the corresponding period in the previous year. Profit from the Group's core business of property development accounted for 50% of the Group's total net profit and amounted to RMB788 million. Compared to the previous period, net profit decreased by 37%, based on a delivery of 814,500 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gain, increased by RMB66 million to RMB205 million. Fair value gain in the period amounted to RMB1.17 billion and contributed to the increased overall profit. Net loss from the hotel operation increased to RMB148 million due mainly to increased finance charges.

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

1. Turnover decreased by 7% to RMB8.37 billion, from RMB9.02 billion in the same period in 2013. The Group completed and delivered properties in 12 cities in the six months ended 30 June 2014. The amount of saleable area sold decreased by 16% to 814,500 sq.m. from 972,900 sq.m.. The overall average selling price increased by 11%, from RMB9,300 to RMB10,300 per sq.m. This increase was mainly due to the sales mix in the period having included proportionally more turnover coming from sales of residential properties not being rigid-demand type but on the other hand, like in the previous period, turnover in the current period from commercial properties was not significant. The top three projects, Beijing R&F Danish Town, Tianjin R&F Jinmen Lake and Nanjing R&F City, which individually had turnover of over RMB1 billion and a combined turnover of RMB3.89 billion or 46% of total, were projects with a mid-market positioning and carried average selling price from RMB13,600 to RMB16,400 per sq.m. On the turnover distribution by cities in the period, the pattern was largely similar to previously except that Beijing had replaced Guangzhou to account for the most share of total turnover. Mainly with R&F Danish Town and a second sizable project, R&F New Town, turnover of Beijing amounted to RMB2.35 billion or 28% of total turnover. Nanjing ranked second in turnover with large scale delivery of R&F City which increased its turnover to RMB1.48 billion, equivalent to 18% of total. Tianjin's turnover ranked third dropping to RMB1.18 billion in the period. These top three cities ranked by turnover in the period, Beijing, Nanjing and Tianjin, together accounted for 60% of total turnover as compared to 57% from the top three cities (Beijing, Guangzhou and Tianjin) in the previous period. The remaining 40% of turnover for this period was contributed by the other nine cities in which the Group operated, the more significant of which were Chongqing, Huizhou, Taiyuan and Hainan contributed approximately 8% to 4% each.

The following is the summary of turnover by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average Selling Price (RMB/sq.m.)
Beijing	2,355	237,300	9,900
Nanjing	1,477	101,200	14,600
Tianjin	1,184	70,800	16,700
Guangzhou	897	100,400	8,900
Chongqing	690	114,300	6,000
Hainan	543	43,700	12,400
Taiyuan	378	45,100	8,400
Huizhou	346	39,300	8,800
Shanghai	317	32,500	9,800
Chengdu	83	13,200	6,300
Datong	61	14,200	4,300
Xian	38	2,500	15,500
Total	**8,369**	**814,500**	**10,300**

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 85% of the Group's total costs, as compared to 87% in the prior period. In terms of costs per sq.m., land and construction costs increased to RMB5,630 from RMB5,000 in the previous period. A main reason for this increase was that, compared to the previous period, a smaller portion of the period's total turnover came from delivery of rigid-demand type of properties with lower land or construction costs. Capitalized interest included in the period's cost of sales amounted to RMB314 million, a figure representing approximately 5.8% of total costs, up from RMB192 million and 3.4% for the previous period. As a percentage of turnover from sale of properties, capitalized interest increased from 2.1% to 3.7%. The cost of goods sold also included RMB494 million in business tax, making up 9.2% of costs.

3. Overall gross margin for the period was 35.5%, as compared to 38.2% in the same period in 2013. This change is more the effect of sale mix rather than the effect of price trend. There were ten projects with sales directly comparable to those in the previous period and they were evenly split between projects with increased gross margin and projects with reduced gross margin. The group of projects with better gross margin had been due to higher average selling price and included the most significant projects for the period, Tianjin R&F Jinmen Lake and Nanjing R&F City, indicating that the reduction in gross margin was not due to price change. On the other hand, project with above average gross margin such as Guangzhou R&F Jingang City which was significant in the previous period was not significant in the sale mix in the period and affected overall gross margin.

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

5. Selling and administrative expenses for the period increased by 42% or RMB366 million, to RMB1,234 million. This increase was in line with the expanded selling and marketing activities and the further build-up of the operating organization to achieve the contracted sales target for the year which increased by 42% over actual contracted sales for 2013. Selling and administrative expenses as a percentage of turnover temporarily increased to 14.7% from 9.6% due to concentration of the year's planned delivery and therefore turnover in the second half of the year. With expenses stable while turnover significantly increase in the second half year, selling and administrative expenses as a percentage of turnover will normalize.

6. Finance costs decreased by 21% to RMB732 million (1H 2013: RMB928 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 RMB1.16 billion to RMB2.96 billion, equivalent to an increase of 64%. This increase was approximately proportional to the increase in average outstanding borrowings in the period which arose by 65% to approximately RMB69.8 billion, from RMB42.4 billion. Of the interest incurred, the amount capitalized for the period was RMB2.23 billion (1H 2013: RMB875 million). Together with previously capitalized interest released to cost of goods sold which amounted to RMB314 million for the period (1H 2013: RMB192 million), aggregate interest costs included in this period's results amounted to RMB1.05 billion (1H 2013: RMB1.12 billion).

7. The share of result of associates was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly 25% interest in Tianjin Jinnan New Town project and 50% in Shanghai New Jiangwan project. These three projects mentioned had a combined turnover of RMB2.1 billion in the period.

8. Land appreciation tax (LAT) of RMB325 million (1H 2013: RMB450 million) and Enterprise Income Tax of RMB351 million brought the Group's total income tax expenses for the period to RMB676 million. As a percentage of turnover, LAT decreased to 3.9% from 5.0% for the same period in 2013. This decrease reflected the lower gross margin in the period. The effective enterprise income tax rate was 31% (1H 2013: 29%).

9. Overall, the Group's net profit margin for the period was 16.1%, as compared to 14.4% in the previous period. The net profit margin of the core property development dropped to 9.4% due to change in gross margin and selling and administrative expenses, but overall net profit margin was maintained due to significant revaluation gain from investment properties in the period.

OTHER INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries 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 2014.

Compliance with the Code on Corporate Governance Practices

Except for from 28 February 2014 to 30 May 2014, the number of independent non-executive directors fell below the minimum number required by the Listing Rules due to the resignation as an independent non-executive director of Mr. Dai Feng, the Company complied strictly with 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 2014.

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. Zheng Ercheng (Appointed on 30 May 2014) 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 2014. 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.

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
26 August 2014, 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. Lai Ming, Joseph and Mr. Zheng Ercheng.

* *For identification purpose only*

(All amounts in RMB Yuan thousands unless otherwise stated)

Interim consolidated balance sheet

	Note	Unaudited 30 June 2014	Audited 31 December 2013
ASSETS			
Non-current assets			
Land use rights		1,135,852	1,098,345
Property, plant and equipment		6,777,059	6,566,671
Investment properties		17,458,950	15,888,187
Intangible assets		986,854	897,836
Interests in joint ventures		4,239,784	4,258,931
Interests in associates		109,355	122,600
Deferred income tax assets		3,497,909	3,217,888
Available-for-sale financial assets		303,900	281,400
Trade and other receivables and prepayments	5	1,539,916	1,450,024
		36,049,579	33,781,882
Current assets			
Properties under development		78,292,797	56,111,099
Completed properties held for sale		13,222,363	10,992,876
Inventories		352,567	297,920
Trade and other receivables and prepayments	5	11,433,638	13,162,768
Tax prepayments		2,644,421	1,656,242
Restricted cash		7,815,048	6,622,173
Cash and cash equivalents		16,685,836	17,722,162
		130,446,670	106,565,240
Total assets		166,496,249	140,347,122
EQUITY			
Equity attributable to owners of the Company			
Share capital		805,592	805,592
Other reserves		4,355,016	4,344,253
Shares held for Share Award Scheme		(128,711)	(172,563)
Retained earnings			
- Proposed dividends	11	-	1,596,859
- Others		26,597,101	25,532,695
		31,628,998	32,106,836
Perpetual capital instruments		15,643,781	1,000,000
Non-controlling interests		569,292	375,207
Total equity		47,842,071	33,482,043
LIABILITIES			
Non-current liabilities			
Long-term borrowings		50,707,775	43,352,514
Accruals and other payables		440,353	596,257
Deferred income tax liabilities		3,840,271	3,589,702
		54,988,399	47,538,473
Current liabilities			
Accruals and other payables	6	15,605,871	17,781,734
Deposits received on sale of properties		21,582,080	13,777,892
Current income tax liabilities		8,526,978	9,671,667
Short-term borrowings		2,567,000	2,549,535
Current portion of long-term borrowings		15,383,850	15,545,778
		63,665,779	59,326,606
Total liabilities		118,654,178	106,865,079
Total equity and liabilities		166,496,249	140,347,122
Net current assets		66,780,891	47,238,634
Total assets less current liabilities		102,830,470	81,020,516

(All amounts in RMB Yuan thousands unless otherwise stated)

Interim consolidated income statement

	Note	Unaudited Six months ended 30 June 2014	2013
Revenue	4	9,822,432	10,190,635
Cost of sales		(6,490,438)	(6,499,791)
Gross profit		3,331,994	3,690,844
Other gains – net	7	1,287,079	512,645
Selling and marketing costs		(344,586)	(238,941)
Administrative expenses		(1,058,157)	(760,538)
Other operating income		83,141	50,712
Operating profit	8	3,299,471	3,254,722
Finance costs	9	(731,762)	(927,838)
Share of results of joint ventures		14,961	216,858
Share of results of associates		(14,614)	(30,613)
Profit before income tax		2,568,056	2,513,129
Income tax expenses	10	(983,825)	(1,050,744)
Profit for the period		1,584,231	1,462,385
Profit/(loss) attributable to:			
– Owners of the Company		1,068,046	1,449,502
– Holders of perpetual capital instruments		522,377	-
– Non-controlling interests		(6,192)	12,883
		1,584,231	1,462,385
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		0.3336	0.4538

	Note	Unaudited Six months ended 30 June 2014	2013
Dividends	11	-	383,324

(All amounts in RMB Yuan thousands unless otherwise stated)

Interim consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2014	2013
Profit for the period	1,584,231	1,462,385
Other comprehensive income		
Items that may be reclassified to profit or loss		
– Currency translation differences	(544)	-
Total comprehensive income for the period	1,583,687	1,462,385
Total comprehensive income/(loss) for the period attributable to:		
– Owners of the Company	1,067,502	1,449,502
– Holders of perpetual capital instruments	522,377	-
– Non-controlling interests	(6,192)	12,883
	1,583,687	1,462,385

(All amounts in RMB Yuan thousands unless otherwise stated)

Interim 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	Perpetual capital instruments	Non-controlling interests	Total Equity
Balance at 1 January 2014	805,592	(172,563)	4,344,253	27,129,554	32,106,836	1,000,000	375,207	33,482,043
Total comprehensive income for the period ended 30 June 2014	-	-	(544)	1,068,046	1,067,502	522,377	(6,192)	1,583,687
Transactions with owners								
Decrease in ownership interests in a subsidiary without change of control	-	-	-	-	-	-	200,277	200,277
Dividends (Note 11)	-	-	-	(1,600,499)	(1,600,499)	-	-	(1,600,499)
Disposals of shares held for Share Award Scheme	-	43,852	11,307	-	55,159	-	-	55,159
Issuance of perpetual capital instruments	-	-	-	-	-	14,543,912	-	14,543,912
Distributions to holders of perpetual capital instruments	-	-	-	-	-	(422,508)	-	(422,508)
Total transactions with owners	-	43,852	11,307	(1,600,499)	(1,545,340)	14,121,404	200,277	12,776,341
Balance at 30 June 2014	805,592	(128,711)	4,355,016	26,597,101	31,628,998	15,643,781	569,292	47,842,071
Balance at 1 January 2013	805,592	(167,364)	4,351,603	21,476,124	26,465,955	-	363,919	26,829,874
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)
Dividends	-	-	-	(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

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") are principally engaged 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 have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 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 has been approved for issue by the Board of Directors on 26 August 2014.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2014 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 2013, 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 2013, as described in those annual financial statements.

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning on or after 1 January 2014.

Standards/Interpretations	Subject of amendment
Amendments to HKAS32	Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities
Amendment to HKAS 36	Recoverable amount disclosures
Amendment to HKAS 39	Novation of derivatives
HK(IFRIC) – Int 21	Levies

The adoption of the above new and amended standards and interpretations did not have any material impact on the Interim Financial Information except for disclosure.

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 2014 and 2013 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2014					
Segment revenue	8,368,948	439,586	534,488	527,884	9,870,906
Inter-segment revenue	-	(26,270)	(20,659)	(1,545)	(48,474)
Revenue from external customers	8,368,948	413,316	513,829	526,339	9,822,432
Profit/(loss) for the period	787,884	1,084,469	(148,089)	(140,033)	1,584,231
Finance costs	(468,540)	(66,343)	(162,717)	(34,162)	(731,762)
Share of results of joint ventures	14,961	-	-	-	14,961
Share of results of associates	(14,306)	-	-	(308)	(14,614)
Income tax (expenses)/credits	(969,072)	(68,273)	49,363	4,157	(983,825)
Depreciation and amortisation	135,958	-	82,280	26,777	245,015
(Allowance for)/reversal of impairment losses	(870)	(1,764)	134	(94)	(2,594)
Fair value gains on investment properties	-	1,172,864	-	-	1,172,864

	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)/credit	(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 sales of properties	(8,362)	-	-	-	(8,362)
(Allowance for)/reversal of impairment losses	(2,073)	-	74	(1,184)	(3,183)
Fair value gains on investment properties	-	430,627	-	-	430,627

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

(All amounts in RMB Yuan thousands unless otherwise stated)

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2014					
Segment assets	139,088,102	17,458,950	5,363,318	784,070	162,694,440
Segment assets include:					
Interests in joint ventures	4,239,784	-	-	-	4,239,784
Interests in associates	58,103	-	-	51,252	109,355
Segment liabilities	37,088,193	-	82,694	457,417	37,628,304
As at 31 December 2013					
Segment assets	115,052,178	15,888,187	5,273,055	634,414	136,847,834
Segment assets include:					
Interests in joint ventures	4,258,931	-	-	-	4,258,931
Interests in associates	71,040	-	-	51,560	122,600
Segment liabilities	31,490,566	-	121,936	543,381	32,155,883

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 income tax assets 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 2014	**31 December 2013**
Segment assets for reportable segments	162,694,440	136,847,834
Deferred income tax assets	3,497,909	3,217,888
Available-for-sale financial assets	303,900	281,400
Total assets per balance sheet	166,496,249	140,347,122

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 2014	**31 December 2013**
Segment liabilities for reportable segments	37,628,304	32,155,883
Deferred income tax liabilities	3,840,271	3,589,702
Current income tax liabilities	8,526,978	9,671,667
Current borrowings	17,950,850	18,095,313
Non-current borrowings	50,707,775	43,352,514
Total liabilities per balance sheet	118,654,178	106,865,079

(All amounts in RMB Yuan thousands unless otherwise stated)

5. Trade and other receivables and prepayments

	As at	
	30 June 2014	**31 December 2013**
Trade receivables		
- Due from joint ventures	-	105,214
- Due from third parties	3,266,932	4,535,155
	3,266,932	4,640,369
Less: allowance for impairment of trade receivables	(1,818)	(1,818)
Trade receivables – net	3,265,114	4,638,551
Other receivables	4,521,338	3,245,350
Prepayments	1,263,506	3,170,441
Due from joint ventures	1,829,359	1,561,563
Due from an associate	2,139,377	2,039,377
Less: allowance for impairment of other receivables	(45,140)	(42,490)
	9,708,440	9,974,241
Total	12,973,554	14,612,792
Less: non-current portion	(1,539,916)	(1,450,024)
Current portion	11,433,638	13,162,768

At 30 June 2014 and 31 December 2013, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2014	**31 December 2013**
0 to 90 days	1,200,218	3,307,354
91 to 180 days	396,876	231,697
181 to 365 days	859,005	338,733
1 year to 2 years	553,905	495,724
Over 2 years	256,928	266,861
	3,266,932	4,640,369

(All amounts in RMB Yuan thousands unless otherwise stated)

6. Accruals and other payables

	As at	
	30 June 2014	**31 December 2013**
Amounts due to joint ventures (Notes (b))	2,480,808	2,546,634
Construction payables (Note (c))	6,735,791	8,751,317
Other payables and accrued charges (Note (d))	6,829,625	7,080,040
Total	16,046,224	18,377,991
Less: non-current portion	(440,353)	(596,257)
Current portion	15,605,871	17,781,734

(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 RMB438,824,000 as at 30 June 2014 which is denominated in HKD (31 December 2013: RMB596,650,000).

(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 amount of accruals and other payables approximate their fair values.

7. Other gains – net

	Six months ended 30 June	
	2014	**2013**
Fair value gains on investment properties - net	1,172,864	430,627
Losses on disposals of property, plant and equipment	(676)	(45)
Gains on disposals of investment properties	-	406
Interest income	94,379	69,392
Others	20,512	12,265
	1,287,079	512,645

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	
	2014	**2013**
Crediting:		
Reversal of impairment of doubtful debts	(21,139)	(6,877)
Charging:		
Allowance for impairment of doubtful debts	23,733	10,060

(All amounts in RMB Yuan thousands unless otherwise stated)

9. Finance costs

	Six months ended 30 June	
	2014	**2013**
Interest on bank borrowings	1,125,092	731,385
Interest on corporate bonds	195,664	195,620
Interest on senior notes	622,173	382,162
Interest on other borrowings	951,097	520,283
Interest on finance lease liabilities	4,541	5,890
	2,898,567	1,835,340
Net foreign exchange losses/ (gains)	58,986	(33,002)
Less: interest capitalised	(2,225,791)	(874,500)
	731,762	927,838

10. Income tax expenses

	Six months ended 30 June	
	2014	**2013**
Current income tax		
– PRC enterprise income tax	687,989	556,430
Deferred income tax	(29,452)	44,084
	658,537	600,514
Current PRC land appreciation tax	325,288	450,230
Total income tax expenses	983,825	1,050,744

11. Dividends

	Six months ended 30 June	
	2014	**2013**
Interim dividends per ordinary share	-	386,684
Less: dividends for shares held by Share Award Scheme	-	(3,360)
	-	383,324

A final dividend in respect of 2013 of RMB0.5 per ordinary share, totalling RMB1,611,184,000 was declared in the Company's Annual General Meeting on 29 May 2014, of which RMB10,685,000 was declared and paid for shares held by Share Award Scheme.

No interim dividend in respect of six months ended 30 June 2014 was proposed by the Board of Directors (six months ended 30 June 2013: RMB386,684,000) .