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 Annual Results Announcement

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014. The annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

The year 2014 proved a significant transformational period for the Chinese economy as a whole, and the changes that have taken place have been a major factor in both the Group's performance for the year and in our strategic planning for the future. Our net profit for the year was RMB6.51 billion and our contracted sales enjoyed a 29% increase over 2013, to RMB54.4 billion, representing steady growth. However, this contracted sales was lower than our original targets, as a result of some significant changes that took place in the macroeconomic environment. What we saw over the year was an adjustment from several years of very rapid growth in China to an economic environment that has been widely described as the 'new normal' – that is, one of steadier and more sustainable growth. Although the 'new normal' is likely to mean general economic growth will be less spectacular than we have seen in previous years, it also promises to benefit the property industry in a number of ways.

The impact of the 'new normal'

China's economy in 2014 moved away from its former heavy reliance on investment and exports, and towards a trajectory of more sustainable consumption-led growth. A right balance between tight and loose fiscal and monetary policies will move the economy steadily forward. This is in effect a structural transformation of the economy, and the adjustments involved led to a slowing of GDP growth in 2014 to 7.4%, and which is predicted to ease further to 7% for 2015. This is a shift to the 'new normal', a state of affairs that characterized by slower but more sustainable economic growth. Businesses will need to adapt to this change.

The 'new normal' economy is having a natural knock-on effect on the property industry, bringing about a 'new normal' environment for property developers. To begin with, 'new normal' for developers is translating into a more mature and rational market, less prone to speculation and sudden unpredictable spikes of activity. Secondly, growth is becoming slower but steadier, on the back of a better balance between supply and demand. Thirdly, a much higher degree of market differentiation is developing than was previously the case, requiring more careful planning on the part of property developers.

The regulatory and market environments

The overall regulatory philosophy of relying on market mechanisms rather than administrative controls continued in 2014, and no new controlling measures were introduced. The existing control regime proved largely effective in producing the corrections desired in the property market and, as a result, controls over credit and purchase restrictions were further eased towards the end of the year. November saw the first cut in the interest rate for lending in over two years, while by the end of the year the number of cities with purchase restrictions in place had fallen to four, all first-tier cities, from a previous high of 46 cities nationwide.

Generally speaking, in 2014 the property market continued to undergo correction in line with the wider economic shift to its 'new normal', with control measures being kept firmly in place until late in the year. This meant lower sales prices and lower volumes of sales in most cities, as well as fewer record land transactions setting record prices, and less investment in the industry. In practical terms, these corrections resulted in a gradual realignment of supply and demand, making for a much better balance of supply and demand in first-tier cities in particular.

Business highlights of 2014

In 2014, turnover was slightly lower than in 2013, leading to a decrease in net profit. The Group's contracted sales increased by 29% over contracted sales for 2013 to RMB54.4 billion. This figure, however, fell short of the original sales target for the year, while contracted sales in square metres increased by 20% to 4.05 million sq.m. Meanwhile, construction during the year largely proceeded on schedule, enabling the delivery of 3.16 million sq.m. of properties for sale, an increase of 16% over 2013. The reasons underpinning the Group's performance are outlined below.

The Group's lower-than-targeted contracted sales figure was closely tied with the shift towards the 'new normal' China economy. The market was weaker than expected as various economic fundamentals were adjusted, and in addition the Group declined to take part in price competition for some of its properties, seeing this as merely squandering the value of its precious land resources and as being fundamentally unsustainable in the longer term. To avoid such price competition, the Group adjusted its timetable for launch of sales as appropriate.

Land acquisitions were cut back during the year, mainly because in the previous year the Group had acquired land bank holdings of sufficient quality and quantity to sustain its development program throughout 2014 and beyond. Land bank acquisitions in Mainland China amounted to GFA of 2.317 million sq.m., bringing the Group's total land bank to 42.94 million sq.m. No land in new cities was acquired during the year. Of the new land acquired, a small percentage related to four new projects, while over 80% was acquired with the intention of adding new phases to existing projects undertaken by the Group. This ratio reflects the Group's cautious approach over the year, with the bulk of the newly acquired land being used in projects for which the Group has the benefit of past experience in development and sales. In such ways we are ensuring that every piece of land acquired meets our performance expectations.

Having first expanded outside China to Malaysia, in the past year the Group took advantage of the attractive Australian property market to acquire five development sites in the country, first in Melbourne and later in Brisbane. One driver for this decision was Australia's reasonable land prices (relative to the China market), which required only a modest investment by the Group; another related reason was that the sites available allowed for reasonable profit margins being achieved. Sales of the completed developments are expected to benefit from significant interest from Mainland Chinese investors, increasing numbers of whom are now looking to acquire property in advanced Western economies. With Melbourne recently ranked first in the Most Liveable City list compiled by *The Economist* magazine, this city in particular has a lot in its favour for both investors and Chinese looking for a base abroad.

In December, the Group acquired the Intercontinental Huizhou Resort as part of its hotel business. This is a mature luxury resort hotel with upmarket facilities that include hot springs and a golf course. The acquisition of this hotel brings the total number of our hotels to eight. Most significantly, the new hotel has added valuable diversification to our hotel portfolio, which up until now consisted purely of business hotels located in city centres.

On the financing front, the Group began the year strongly with its issuance of USD1.0 billion 8.5% Senior Notes due 2019. It followed up this significant transaction in the offshore market by turning its attention to the China domestic capital market. In October, it repaid its RMB5.5 billion domestic corporate bond using internal resources. The Group did not arrange for immediate direct refinancing; instead we are taking some time to explore financing instrument options in the domestic capital market that best suited the Group's capital structure – including, but not limited to, domestic corporate bonds. In late 2014, domestic companies gained access to RMB medium term notes on the interbank market; these have attributes that seem like they could suit the Group well, and we will be further considering this option. At this stage, we are awaiting the best time for selecting our instrument of choice.

The outlook for 2015

In 2015, China policies on property are expected to continue in the same direction as in 2014. Their administrative nature should be gradually reduced, as part of the move towards a more rational and predictable system in the longer term. Eventually the various policy objectives in the related spheres of finance, land supply, affordable housing and revenue will be synchronized, which should be much easier to achieve under the 'new normal' state of the industry. Administrative control measures such as purchase restrictions is expected to be lifted in due course, and there may be further interest rate cut during the coming year.

With the inventories of property developers having been adjusted to more reasonable levels and purchasers coming to expect 'new normal' conditions, the property market looks set for slower growth in 2015, and any increases in property sale prices are likely to be moderate. Overall market demand is expected to shift away from its previous focus on rigid demand type housing and instead be much more driven by those looking to improve or upgrade their living environment. This will result in different market characteristics from city to city, with local and regional market differences likely to become much more pronounced.

Plans and projects for 2015

The Group has adjusted its plans for the coming year appropriately, in line with the macroeconomic background and outlook sketched above. To begin with, our growth expectations have been pegged against the outlook for China's 'new normal' economy, for which slower and more stable growth at around 7% for 2015 has been estimated. As a result, the Group has set its contracted sales target for 2015 at RMB60 billion, a modest 10% increase over the actual sales achieved in 2014. For the Group, this easing of the pace of growth brings a number of advantages; for instance, it allows us to fine-tune the deployment of our resources (including our land bank, finance arrangements and manpower) to ensure we achieve long-term growth under current market conditions. This will also give us the chance to ensure we are competing strongly not simply on price, but also in terms of product quality.

As for the Group's business focus, it will move more heavily towards activity in first- and second-tier cities. We do not expect to engage in many land acquisitions during the year, and in particular will not be looking to acquire further land in third- or fourth-tier cities. If suitable land does become available for acquisition, the Group will restrict its purchases to first-tier cities such as Beijing and Guangzhou. Our selection criteria for land acquisition will also become more stringent than ever, with feasibility studies adopting more conservative estimates and net profit margin requirements being shifted higher. One of the Group's proven strengths is its expertise in the redevelopment of city core areas, and this type of project will be high on the Group's agenda. We do believe that taking on more of such projects will help the Group to meet its targets.

In terms of product type, the Group has taken account of demographic trends in today's China and is considering giving more weighting to retirement properties or other property aimed at older age groups. With the prediction that demand for property is likely to shift from the rigid demand type to the improvement type, we will also be looking to adjust our product range and tap into the growing improvement type market.

A top priority on the management front will remain the efficient and prudent management of our cash flow. Good cash flow management affects all aspects of the Group's operations. In marketing, we will be looking to achieve more creative and efficient marketing results that will in turn improve sales. We aim to control construction costs, which impact most on our overall costs, by becoming more flexible with the pace of construction of different projects in response to changes in market conditions and inventory levels. We will also be looking to boost the profitability of individual projects by introducing a minimum net margin target; this will be different for different product categories such as mass market and high-end projects, but it must be met in all cases.

Acknowledgements

In a year of important changes in the China property environment, thanks are due to our shareholders and other investors, and the support they have offered as we have identified and developed new ways forward. Our customers are another group that I would like to thank on behalf of the Group; their support in the form of buying homes from us is the ultimate measure of how well the Group understands the market and how successfully it is pursuing its goals. Within the Group, I would like to express my sincere thanks to the Directors, whose experience and wisdom have moved us forward in important ways. Finally, my thanks go out to our thousands of staff members, who have translated our corporate values into concrete action through their hard work and dedicated service. With all these groups supporting our management team so effectively, we can indeed be confident of a strong year ahead for the Group.

Consolidated Income Statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2014	2013
Revenue	2	34,705,410	36,271,284
Cost of sales	4	(22,391,431)	(22,036,298)
Gross profit		12,313,979	14,234,986
Other gains – net	3	1,925,098	2,644,420
Selling and marketing costs	4	(896,059)	(626,089)
Administrative expenses	4	(2,220,501)	(1,838,631)
Other operating income		105,206	84,533
Operating profit		11,227,723	14,499,219
Finance costs	5	(1,215,921)	(1,933,742)
Share of results of joint ventures		169,789	357,253
Share of results of associates		(25,205)	(50,901)
Profit before income tax		10,156,386	12,871,829
Income tax expenses	6	(3,649,997)	(5,226,181)
Profit for the year		6,506,389	7,645,648
Profit attributable to:			
– Holders of perpetual capital instruments		1,331,328	-
– Owners of the Company		5,220,603	7,633,860
– Non-controlling interests		(45,542)	11,788
		6,506,389	7,645,648
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	8	1.6325	2.3900

		Year ended 31 December 2014	2013
Dividends	7	-	1,980,105

Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2014	**2013**
Profit for the year	6,506,389	7,645,648
Other comprehensive income		
Item that may be reclassified to profit or loss		
– Fair value (losses)/gains on available-for-sale financial assets, net of tax	173,683	(7,350)
– Currency translation differences	5,810	-
Other comprehensive income for the year, net of tax	179,493	(7,350)
Total comprehensive income for the year	6,685,882	7,638,298
Total comprehensive income attributable to:		
– Owners of the Company	5,400,096	7,626,510
– Holders of perpetual capital instruments	1,331,328	-
– Non-controlling interests	(45,542)	11,788
	6,685,882	7,638,298

Consolidated Balance Sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
ASSETS	**Note**	**2014**	**2013**
Non-current assets			
Land use rights		1,198,045	1,098,345
Property, plant and equipment		7,495,641	6,566,671
Investment properties		18,047,632	15,888,187
Intangible assets		977,958	897,836
Interests in joint ventures		4,617,519	4,258,931
Interests in associates		86,213	122,600
Deferred income tax assets		2,927,764	3,217,888
Available-for-sale financial assets		535,477	281,400
Trade and other receivables and prepayments	9	3,772,884	1,450,024
		39,659,133	33,781,882
Current assets			
Properties under development		81,327,691	56,111,099
Completed properties held for sale		17,222,116	10,992,876
Inventories		358,831	297,920
Trade and other receivables and prepayments	9	10,890,728	13,162,768
Tax prepayments		2,551,852	1,656,242
Restricted cash		6,339,497	6,622,173
Cash and cash equivalents		13,490,425	17,722,162
		132,181,140	106,565,240
Total assets		171,840,273	140,347,122
EQUITY			
Equity attributable to owners of the Company			
Share capital		805,592	805,592
Other reserves		4,538,822	4,344,253
Shares held for Share Award Scheme		(128,711)	(172,563)
Retained earnings			
– Proposed final dividends		-	1,596,859
– Others		30,749,658	25,532,695
		35,965,361	32,106,836
Perpetual capital instruments		15,648,416	1,000,000
Non-controlling interests		531,785	375,207
Total equity		52,145,562	33,482,043

LIABILITIES	Note	As at 31 December 2014	 2013
Non-current liabilities			
Long-term borrowings		45,553,602	43,352,514
Accruals and other payables	10	171,222	596,257
Deferred income tax liabilities		3,278,908	3,589,702
		49,003,732	47,538,473
Current liabilities			
Accruals and other payables	10	19,270,956	17,781,734
Deposits received on sale of properties		19,225,725	13,777,892
Current income tax liabilities		10,089,230	9,671,667
Short-term borrowings		3,085,000	2,549,535
Current portion of long-term borrowings		19,020,068	15,545,778
		70,690,979	59,326,606
Total liabilities		119,694,711	106,865,079
Total equity and liabilities		171,840,273	140,347,122
Net current assets		61,490,161	47,238,634
Total assets less current liabilities		101,149,294	81,020,516

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 services 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 (the "Stock Exchange") since 14 July 2005.

These financial statements are presented in RMB Yuan thousands (RMB'000), unless otherwise stated.

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

The following new and amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.

Standards/Interpretation	Subject of amendment
Amendment to HKAS 32	Offsetting financial assets and financial liabilities
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities
Amendment to HKAS 36	Impairment of assets' on recoverable amount disclosures
Amendment to HKAS 39	Financial Instruments: Recognition and Measurement' - 'Novation of derivatives
HK (IFRIC) - Int 21	Levies

(b) New and amended standards and annual improvements not yet adopted

A number of new standards, amendments to standards and annual improvements are effective for annual periods commencing after 1 January 2014, and have not been applied in preparing the Group's financial statements.

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendment to HKAS19	Defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012-2014 cycle	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying theconsolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

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

2. Segment information

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

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from 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.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2014 and the segment assets and liabilities at 31 December 2014 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	31,650,997	879,847	1,137,521	1,358,864	35,027,229
Inter-segment revenue	-	(52,584)	(28,918)	(240,317)	(321,819)
Revenue from external customers	31,650,997	827,263	1,108,603	1,118,547	34,705,410
Profit/(loss) for the year	5,449,418	1,576,066	(139,619)	(379,476)	6,506,389
Finance costs	(697,934)	(155,492)	(231,187)	(131,308)	(1,215,921)
Share of results of joint ventures	169,789	-	-	-	169,789
Share of results of associates	(24,705)	-	-	(500)	(25,205)
Income tax (expenses)/credits	(3,285,959)	(525,356)	46,540	114,778	(3,649,997)
Depreciation and amortisation	(232,557)	-	(177,312)	(62,834)	(472,703)
Goodwill disposed for sale of properties	(3,269)	-	-	-	(3,269)
(Allowance for)/reversal of impairment losses of receivables	(10,250)	-	(42)	601	(9,691)
Fair value gains on investment properties – net of tax	-	1,228,631	-	-	1,228,631
Segment assets	143,397,989	18,047,632	6,085,875	845,536	168,377,032
Segment assets include:					
Interests in joint ventures	4,617,519	-	-	-	4,617,519
Interests in associates	35,153	-	-	51,060	86,213
Segment liabilities	37,777,761	-	307,688	582,454	38,667,903

The segment information for the year ended 31 December 2013 and the segment assets and liabilities at 31 December 2013 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	33,651,248	779,786	957,051	1,145,516	36,533,601
Inter-segment revenue	-	(52,541)	(56,457)	(153,319)	(262,317)
Revenue from external customers	33,651,248	727,245	900,594	992,197	36,271,284
Profit/(loss) for the year	6,120,890	2,111,145	(248,725)	(337,662)	7,645,648
Finance costs	(1,362,517)	(175,613)	(264,499)	(131,113)	(1,933,742)
Share of results of joint ventures	357,253	-	-	-	357,253
Share of results of associates	(51,171)	-	-	270	(50,901)
Income tax (expenses)/credits	(4,674,980)	(703,715)	82,909	69,605	(5,226,181)
Depreciation and amortisation	(147,568)	-	(151,849)	(32,809)	(332,226)
Goodwill disposed for sale of properties	(9,163)	-	-	-	(9,163)
Allowance for impairment losses of receivables	(8,656)	-	(158)	(664)	(9,478)
Fair value gain on investment properties – net of tax	-	1,827,152	-	-	1,827,152
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

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

Breakdown of revenue from all services is analysed as follows:

	2014	**2013**
Sale of properties	31,650,997	33,651,248
Rental income	827,263	727,245
Hotel operations	1,108,603	900,594
Property management services and others	1,118,547	992,197
	34,705,410	36,271,284

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.

The Group's deferred tax and available-for-sale financial assets 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:

	2014	**2013**
Segment assets for reportable segments	168,377,032	136,847,834
Deferred income tax assets	2,927,764	3,217,888
Available-for-sale financial assets	535,477	281,400
Total assets per balance sheet	171,840,273	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 income tax liabilities and borrowings 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:

	2014	**2013**
Segment liabilities for reportable segments	38,667,903	32,155,883
Deferred income tax liabilities	3,278,908	3,589,702
Current income tax liabilities	10,089,230	9,671,667
Current borrowings	22,105,068	18,095,313
Non-current borrowings	45,553,602	43,352,514
Total liabilities per balance sheet	119,694,711	106,865,079

3. Other gains – net

	2014	**2013**
Fair value gains on investment properties – net	1,638,174	2,436,203
Interest income	211,760	151,684
Dividends received on available-for-sale financial assets	-	2,595
Gains on disposals of investment properties	3,394	406
Gains on disposals of property, plant and equipment	14,859	2,995
Others	56,911	50,537
	1,925,098	2,644,420

4. Expenses by nature

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

	2014	**2013**
Crediting:		
Reversal of allowance for doubtful debts	(17,330)	(12,334)
Charging:		
Cost of completed properties sold	19,997,339	19,634,964
Business taxes and other levies	2,094,171	2,185,818
Employee benefit expenses	1,172,432	945,736
Depreciation	388,178	280,649
Advertising costs	269,457	211,641
Amortisation of land use rights and intangible assets	84,525	51,577
Office expenses	194,644	135,291
Operating lease payments	14,320	32,128
Allowance for doubtful debts	27,021	21,812
Auditors' remuneration	10,246	9,397
Others	1,272,988	1,004,339
	25,525,321	24,513,352
	25,507,991	24,501,018

5. Finance costs

	2014	2013
Interest expenses:		
– bank borrowings	2,319,584	1,636,749
– corporate bonds	318,899	394,499
– senior notes	1,198,121	791,052
– other borrowings	1,955,715	1,052,539
– finance lease liabilities	8,366	11,123
	5,800,685	3,885,962
Net foreign exchange losses/(gains)	301,545	(88,029)
Less: finance costs capitalised	(4,886,309)	(1,864,191)
	1,215,921	1,933,742

6. Income tax expenses

	2014	2013
Current income tax		
– PRC enterprise income tax (Note (b))	2,446,005	2,587,798
Deferred income tax	(78,564)	290,090
	2,367,441	2,877,888
Current PRC land appreciation tax (Note (c))	1,282,556	2,348,293
Total income tax expenses (Note (d))	3,649,997	5,226,181

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2013: 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 year ended 31 December 2014, except for certain companies in the Group which were taxed at 2%-3% (2013: 2.5%-3.5%) on their revenue, other businesses within the Group were primarily taxed at 25% (2013: 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.

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

	2014	**2013**
Profit before income tax	10,156,386	12,871,829
Less: Land appreciation tax	(1,282,556)	(2,348,293)
	8,873,830	10,523,536
Calculated at tax rate of 25% (2013: 25%)	2,218,458	2,630,884
Effects of :		
– Different income tax rate of certain companies	(2,399)	(23,071)
– Share of result of joint ventures and associates	(36,146)	(76,588)
– Expenses and development costs not deductible for tax purposes	282,469	326,279
– Others	(94,941)	20,384
PRC enterprise income tax	2,367,441	2,877,888
Land appreciation tax	1,282,556	2,348,293
Tax charge	3,649,997	5,226,181

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

	2014			**2013**		
	Before tax	Tax charge	After tax	Before tax	Tax credit	After tax
Fair value gains / (losses) of available-for-sale financial assets	231,577	(57,894)	173,683	(9,800)	2,450	(7,350)

7. Dividends

	2014	2013
	-	
No interim dividends (2013: RMB0.12 per ordinary share)	-	386,684
Less: Dividend for shares held by Share Award Scheme	-	(3,438)
		383,246
No final dividends (2013: RMB0.50 per ordinary share)	-	1,611,184
Less: Dividends for shares held by Share Award Scheme	-	(14,325)
	-	1,596,859
	-	1,980,105

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

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 final dividend in respect of 2014 was proposed by the Board of Directors.

8. Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2014	2013
Profit attributable to owners of the Company	5,220,603	7,633,860
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,198,005	3,194,058
Earnings per share (RMB per share)	1.6325	2.3900

There were no dilutive potential ordinary shares as at 31 December 2014 and 2013.

9. Trade and other receivables and prepayments

	2014	2013
Trade receivables - net (Note (a))	4,823,718	4,638,551
Other receivables - net	4,717,407	3,202,860
Prepayments	1,373,880	3,170,441
Due from joint ventures	1,709,230	1,561,563
Due from an associate	2,039,377	2,039,377
Total	14,663,612	14,612,792
Less : non-current portion	(3,772,884)	(1,450,024)
Current portion	10,890,728	13,162,768

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

(a) Trade receivables

	2014	2013
Trade receivables - current portion	4,688,168	4,640,369
Less: allowance for impairment	(1,818)	(1,818)
	4,686,350	4,638,551
Trade receivables - non-current portion	137,368	-
	4,823,718	4,638,551

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

	2014	**2013**
0 to 90 days	2,981,140	3,307,354
91 to 180 days	272,507	231,697
181 to 365 days	897,737	338,733
1 year to 2 years	201,356	495,724
Over 2 years	335,428	266,861
	4,688,168	4,640,369

10. Accruals and other payables

	2014	**2013**
Amounts due to joint ventures (Notes (a))	1,801,864	2,546,634
Construction payables (Note (b))	10,498,573	8,751,317
Other payables and accrued charges (Note (c))	7,141,741	7,080,040
Total	19,442,178	18,377,991
Less: non-current portion	(171,222)	(596,257)
Current portion	19,270,956	17,781,734

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

(b) 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 is presented.

(c) The balance mainly represents interest payables, accruals and other tax payables excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair value.

BUSINESS REVIEW

Contracted sales

The Group generated contracted sales of RMB54.4 billion in 2014, an increase of 29% over the previous year's total. These contracted sales were derived from 58 projects in 21 cities from across three main regions of China (Northern China, Southern China, and Hainan), along with Johor Bahru, Malaysia. On a regional basis, contracted sales for Southern China and Northern China increased by 34% and 27% respectively, to RMB20.352 billion and RMB30.613 billion, while Hainan decreased by 41% to RMB1.745 billion. Six cities － Fuzhou, Meizhou, Guiyang, Batou, Foshan and Johor Bahru, Malaysia － contributed contracted sales for the first time, which together accounted for 9% of the overall total. At the city level, contracted sales for Guangzhou and Beijing remained the highest of all cities at RMB14.396 billion and RMB12.562 billion respectively, representing respective increases of approximately 33% and 48% over 2013. The combined contracted sales for these two cities accounted for approximately 50% of the Group's total contracted sales. In 2014, significant contributions arose from 17 newly launched projects distributed across 15 cities, which amounted to 36% of total contracted sales. Total contracted sales in terms of GFA increased by 20% to 4,048,200 sq.m. from 3,385,700 sq.m., reflecting a further increased average selling price of RMB13,400 per sq.m. for the year, compared with RMB12,500 per sq.m. the previous year.

Details of the Group's 2014 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/- % vs. 2013	Approximate total value (RMB million)	+/- % vs. 2013
Guangzhou	531,700	3%	14,396	33%
Huizhou	152,800	-30%	1,107	-18%
Chongqing	256,200	6%	1,429	4%
Chengdu	139,500	-27%	748	-54%
Fuzhou	25,900	N/A	508	N/A
Meizhou	206,100	N/A	961	N/A
Guiyang	11,100	N/A	179	N/A
Foshan	132,400	N/A	1,024	N/A
Southern Region	**1,455,700**	**25%**	**20,352**	**34%**
Beijing and vicinity	913,800	19%	12,562	48%
Tianjin	262,400	6%	4,550	-2%
Taiyuan	609,400	11%	4,504	14%
Xian	40,000	-32%	513	-33%
Shenyang	37,900	181%	282	92%
Harbin	68,200	-25%	1,399	-19%
Shanghai and vicinity	93,400	0%	2,374	43%
Hangzhou	116,000	169%	1,924	157%
Nanjing	64,900	-23%	1,174	-27%
Wuxi	57,200	823%	631	513%
Datong	31,700	-42%	151	-46%
Baotou	93,900	N/A	549	N/A
Northern Region	**2,388,800**	**24%**	**30,613**	**27%**
Hainan	**114,900**	**-44%**	**1,745**	**-41%**
Johor Bahru, Malaysia	**88,800**	**N/A**	**1,690**	**N/A**
Total	**4,048,200**	**20%**	**54,400**	**29%**

Projects under development

In response to changing market conditions the Group was flexible in its approach to managing its property under development during the year, looking to ensure efficient deployment of its resources and to avoid accumulating excessive inventory. The Group started the year with approximately 10.04 million sq.m. of GFA under development, spread across 48 projects in 19 cities. During the year, the Group completed 4.64 million sq.m. GFA of which 3.79 million sq.m. was saleable area, and started construction of approximately 8.83 million sq.m. GFA across 48 projects. By the end of the year, therefore, the Company's GFA under development had increased by 42% to approximately 14.24 million sq.m., distributed across 66 projects. This amount of property under development at year-end, when put together with further planned construction new starts in 2015, is expected to make available pre-sale permits for properties with an approximate value of over RMB110 billion, which should provide a solid basis for meeting the Company's sales target for 2015.

The following is the position as at 31 December 2014:

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	12	1,636,000	1,184,000
Beijing and vicinity	7	1,562,000	1,218,000
Tianjin	6	1,467,000	1,026,000
Taiyuan	4	1,336,000	960,000
Huizhou	3	1,183,000	920,000
Harbin	2	912,000	755,000
Shanghai and vicinity	3	732,000	385,000
Chongqing	3	616,000	479,000
Meizhou	1	586,000	496,000
Hangzhou	2	509,000	351,000
Hainan	5	495,000	475,000
Wuxi	2	396,000	262,000
Fuzhou	2	356,000	252,000
Chengdu	1	316,000	222,000
Nanjing	2	296,000	197,000
Baotou	1	274,000	205,000
Foshan	1	170,000	125,000
Shenyang	2	159,000	146,000
Guiyang	1	143,000	131,000
Xian	2	143,000	108,000
Zhuhai	1	135,000	100,000
Datong	1	90,000	45,000
Changsha and vicinity	1	57,000	30,000
Johor Bahru, Malaysia	1	666,000	365,000
Total	**66**	**14,235,000**	**10,437,000**

Southern China

The Group did not enter any new cities in the region during the year; its operations in Southern China covered eleven cities, of which eight cities contributed contracted sales in the year. The three cities which have yet to contribute contracted sales are Changsha, Nanning and Zhuhai, all of which the Group entered last year through first-time purchases of land.

Guangzhou is the Group's key city in Southern China. The city once again recorded the highest contracted sales of the Group, not simply for Southern China but for all the cities where it operates. Contracted sales for Guangzhou in the year amounted to RMB14.4 billion, an increase of 33% over the previous year. Sales were mainly derived from nine continuing projects and two new projects. One of the new projects was the very successful commercial project R&F Yingyao Plaza. This project, together with R&F Dongshan Xintiandi (a continuing project launched in 2013), accounted for 68% of contracted sales in Guangzhou. R&F Yingyao Plaza had the distinction of being the single-phase project with the highest sales in Guangzhou in the year. This project, located in Pearl River New Town, was substantially sold following overwhelming demand, reflecting market recognition of the quality and long-term value of commercial properties developed by the Group. R&F Dongshan Xintiandi, which originated as a city core redevelopment project, is a comprehensive multi-phase development encompassing high-end residential units, serviced apartments, offices and retail properties. The project enjoyed a strong debut in 2013 and gained further sales momentum in the year under review, achieving sizable contracted sales that ranked the project second among all the Group's projects in Guangzhou. Office and commercial properties have always made up an important component of the Group's sales in Guangzhou, and this year was no exception. R&F Yingyao Plaza, together with two other office projects (R&F Tianyu Center and R&F Yingtong Plaza), made up 48% of Guangzhou's contracted sales. R&F Tianyu Center is an office building development located in Guangzhou's Haizhu district. It was first launched in 2013 and has enjoyed success similar to that of the Group's other office projects in the Pearl River New Town CBD. Contracted sales for Guangzhou for the year also included sales attributable to the Group from three joint venture projects, including the second of the two new projects, R&F Tianhaiwan. Average selling price for Guangzhou in the year was RMB27,080 per sq.m., approximately 29% higher than the previous year. This was a result of the product mix including proportionally more higher-end residential properties sales. During the year, construction starts amounted to 213,000 sq.m., bringing the area under construction at the end of the year to 1.64 million sq.m.

Chongqing, **Chengdu and Huizhou,** three cities in the Southern China region where the Group has been operating for some years, together accounted for 16% of the region's contracted sales. In Chongqing, the sales focus during the year was on a single project, the multi-phase mega project R&F City, now in its ninth year of development. Although regarded as a single project, the massive scale of Chongqing R&F City is such that it offers a full range of products, including residential properties, serviced apartments and retail properties, at various different price levels. The completion of a landscape garden showcase area early in the year was instrumental in further raising the quality of the project, in turn boosting its competitiveness and helping increase contracted sales for Chongqing by 4% to RMB1.43 billion. Upon its final completion, Chongqing R&F City will have a total GFA of approximately 6.8 million sq.m.; up to the end of 2014, GFA of approximately 1.75 million sq.m. had been completed, with cumulative contracted sales from the project amounting to approximately RMB8.7 billion. While Chongqing R&F City will remain the key project going into 2015, preparations are well underway for the launch of a fresh project, Chongqing R&F Bayshore in Yubei District, with a total GFA of approximately 431,000 sq.m. The first phase of this project for expected sale in 2015 will consist of villas and high-rise residential units of approximately 109,000 sq.m. GFA. Turning to Chengdu, the main project during the year was the rigid demand residential project R&F Peach Garden. Sales in the year were stable, remaining at roughly the same level as those of the previous year. However, with contracted sales of the high-end R&F Ritz International Apartment project slowing in the year due to the sluggishness of Chengdu's luxury market segment, contracted sales for Chengdu for the year fell by 54%. Chengdu R&F Peach Garden will remain a key project in the coming year, while sales efforts targeted at boosting sales of R&F Ritz International Apartment will be stepped up by further leveraging the project's high quality amenities and its association with The Ritz-Carlton, Chengdu . Huizhou's contracted sales, based on the same three projects as the previous year, fell by 18%. R&F Hot Spring Valley at Longmen accounted for 80% of the total.

Meizhou, Fuzhou and Guiyang are new cities for the group in the Southern China region that contributed sales for the first time in the year, from one project in each city. Their aggregate contracted sales amounted to RMB1.65 billion, equivalent to 8% of the region's total. The Group entered the Meizhou property market with the rigid demand project Meizhou R&F City. This project's sales performance met all expectations, and has already given the Group a respectable share in Meizhou's property market despite strong competition from reputable national developers. The Group decided to enter the Fuzhou and Guiyang markets with a similar product type for each, both projects involving a mix of offices and serviced apartments: Fuzhou R&F Center and Guiyang R&F Center.

Northern China

The Group operated in twelve cities in Northern China in the year, without any new additions. These twelve cities were Beijing, Tianjin, Xian, Taiyuan, Shenyang, Shanghai, Nanjing, Harbin, Datong, Hangzhou, Wuxi and Batou. The region provided 32 of the total of 58 projects being sold by the Group in the year, and accounted for approximately 56% of the Group's contracted sales.

Beijing has undergone rapid changes in the 20 years since the Group first began operating in the city. Particularly noticeable is the change in the city landscape, something which the Group has itself played its part in through several major projects. These have included the Group's first project in the city, Beijing R&F City, followed by other projects such as R&F Festival City and R&F No.10. Alongside Guangzhou, Beijing is the primary city for sales for the Group. Contracted sales for Beijing for the year amounted to RMB12.56 billion, a 48% increase over 2013, and accounted for 41% of the Group's regional and 23% of its total contracted sales, ranking the city just behind Guangzhou. All Beijing's contracted sales were from residential projects. The sole new project in Beijing during the year, R&F Huilan Meju, was also the project that recorded the highest sales. R&F Huilan Meju is located in the Tongzhou area to the southeast of Beijing, and occupies a site of 294,000 sq.m., with GFA of 466,000 sq.m. The project is easily accessible via the Tongzhou Beiguan station on Beijing Subway Line 6. Benefitting from good transportation infrastructure and a very affordable average price tag per unit (in the RMB2 million range), the project sold 364,700 sq.m. for RMB5.34 billion in the year, and contributed 42% of the sales for Beijing. R&F New Town and R&F Shangyue Court, which were the two top projects the previous year, continued to perform well and achieved combined sales of approximately RMB4.19 billion, or 33% of Beijing's total sales. R&F New Town, located in Xianghe, has built up solid competitive advantages over other developments in the area. The whole project has a GFA of 1.88 million sq.m., of which over 900,000 sq.m. has been sold to date.

Tianjin maintained steady contracted sales in 2014 of RMB4.55 billion, as compared to RMB4.63 billion the previous year, ranking it third among all the cities in which the Group operates. Its share of the Group's overall sales decreased to approximately 8% from 11%. For some years the key project in the city has been the flagship residential project R&F Jinmen Lake, now in its eighth year of development. This project achieved contracted sales of RMB3.24 billion and accounted for 71% of Tianjin's sales. Cumulative sales of the project to date amount to approximately RMB17.2 billion, with approximately 425,000 sq.m. yet to be developed. Tianjin had two new projects in the year, increasing the total number of the Group's projects there to six; they were R&F New Town and R&F Shangyue Court, which together added RMB830 million to the city's sales. Although they are only medium-sized projects, their introduction has broadened the range of products offered by the Group in Tianjin and is building a base for a sustainable sales performance. R&F New Town and R&F Shangyue Court occupy a segment of the Tianjin market distinctively different from R&F Jinmen Lake, and are thus helping to reduce the overall development risks connected with Tianjin.

Taiyuan has proven the effectiveness of the Group's development strategies. In the relatively short period since the Group first entered Taiyuan, the Group has achieved market leadership in the city. It has been the developer with the highest sales for the three consecutive years from 2012 to 2014, along with a constantly increasing market share. The Group has achieved this strong market position by offering a complete product line, from bare shell units to rigid demand products to quality residential units, as in the three projects sold in the year — R&F City, R&F Peach Garden and R&F Prosperous Palace. Total contracted sales for these three projects amounted to RMB4.32 billion, an increase of 10% from the RMB3.94 billion of the previous year. R&F City is the largest of the Group's projects in northern China, with a total GFA of approximately 2.1 million sq.m. The project is now in its fourth phase; its image and styling has been continuously enhanced over the years, and it has also benefitted from the ongoing completion of various ancillary facilities. The expected opening of the Group's luxurious Pullman Taiyuan R&F Hotel in the second quarter of 2015 as part of this development is also having a strong impact on sales. The project has attracted a broad range of buyers, including home upgraders; it achieved RMB3.40 billion in contracted sales in the year, with cumulative sales of RMB11.12 billion since its first launch in July 2008. The other two projects, R&F Prosperous Palace and R&F Peach Garden, are respectively an up-market project and a rigid demand type project. When these existing projects are joined by two brand-new projects, R&F Xiyue Court and R&F Mengshan project in 2015, the Group will have the richest range of product offerings of all the developers in Taiyuan.

Shanghai, Hangzhou, Nanjing and Harbin are the cities in the region which, following Beijing, Tianjin and Taiyuan, achieved contracted sales of not less than RMB1 billion each. With three new projects launched among them in the year, this group of cities had combined contracted sales of RMB6.87 billion, or 22% of the region's total. In Shanghai, contracted sales increased by 43% over the previous year. A main driver for this increase was sales of the first phase of R&F Hongqiao No. 10, built on a site in Hongqiao in metropolitan Shanghai acquired by the Group in 2013. R&F Hongqiao No. 10 is the Group's signature luxury residential development, one which has gained wide market recognition. One hundred units at R&F Hongqiao No. 10 were sold on the first day of sales, a truly outstanding performance in the then prevailing market conditions. R&F Hongqiao No.10 contributed 54% of contracted sales for Shanghai in 2014. In addition to high-end residential properties, high quality office buildings will also be developed on the Hongqiao site and offered for sale in 2015. The offices will include unique features that will enhance segregation of the inner (quiet) and outer (active) zones of the office. The low-density residential development R&F Bay Shore in Kunshan, which promotes a relaxing lifestyle and enjoys superb lake views of the Kunshan area, continued to achieve satisfactory sales in the year. Hangzhou, having laid a firm foundation for sales of R&F Xixi Resident in 2013, saw its contracted sales rise by 157% in the year. The project has been positioned as a high-end residential project, and is located on a site acquired by the Group in late 2012 in Hangzhou Future Sci-tech City, which is expected to become one of Hangzhou's prime addresses. The project offers residential units of various sizes, from 89 to 189 sq.m., meeting the preferences of different purchasers. The introduction of its luxurious R&F No. 10 and contemporarily designed retail properties to Hangzhou in 2015 will further boost the Group's overall brand recognition in the city, and benefit future sales. Nanjing and Harbin each launched a new project in the year to add to an existing ongoing one, making for two projects for sale in each city in the year. In Nanjing the new project was R&F Shangyue Court, launched in August 2014. Sales for this project for the period from its launch to the end of the year were highest of all residential developments in its locality. Meanwhile R&F City, an ongoing mixed-use project with both commercial and residential components that was first launched in 2011, remained the city's key project, accounting for 63% of Nanjing's contracted sales. The project is located on a 572,000 sq.m. site in the Qi Li High-Tech Incubation Park, in Nanjing's Jiang Lin District, where its comprehensive facilities appeal to a broad spectrum of potential purchasers. Cumulative contracted sales in GFA for R&F City now amount to approximately 288,000 sq.m., out of a total GFA of 545,000 sq.m. for the whole project. In Harbin, the ongoing mixed residential/commercial project R&F Jiangwan New Town, launched in 2012, accounted for 91% of the city's contracted sales; the remaining sales came from the new project R&F City. Cumulative contracted sales for R&F Jiangwan New Town amounted to RMB3.86 billion, or 184,100 sq.m. sold.

Xian, Shenyang, Wuxi, Batou and Datong, the other cities in the region where the Group operates, together contributed approximately 7% of the region's contracted sales. Apart from Shenyang, where the Group concentrates on the villa and higher-end market segment, in these cities the product being offered to meet mainstream rigid demand is R&F City. Xian R&F City is the oldest of these, and is now in its final phase after nine years of development. Total GFA of over one million sq.m., with a sales value of RMB5.9 billion, has been developed and sold over the years. The R&F City projects in Datong, Wuxi and Batou are much newer; Datong R&F City was first sold in 2013, while Wuxi R&F City and Batou R&F City were new for the year. Like all R&F City projects, these are multi-phase developments with comprehensive support facilities that will be cornerstone projects for their respective cities for years to come. Unlike in the other cities, in Wuxi (where competition is exceptionally intense) R&F City was introduced as a second project after the debut project R&F No. 10, for which the Group looked to tap into the purchasing power of a different market segment. Shenyang saw the launch of R&F Shangyue Court in the year. This was a second project to follow on from the Group's R&F Royal Villa, a pure villa development catering to the luxury property market.

Hainan

Separated geographically from the Chinese mainland, Hainan's property market is unique in many aspects; it enjoys favourable year-round warm weather and an unmatched natural environment. Given this, the Group aims to develop properties on the island which are not merely perceived as dwellings, but as sanctuaries and places where people can pursue their dreams. The Group has applied this development theme to three projects in Hainan that have been ongoing for the last few years, and during the year it added a fourth. The Hainan property market was slow in 2014, and the Group's contracted sales for the year decreased to RMB1.75 billion from RMB2.95 billion the previous year. The three on-going projects were R&F Bay Shore, R&F Yingxi Valley, and R&F Mangrove Bay. R&F Bay Shore at Xiangshui Bay is a mix of resort style low-rise apartments with additional facilities that will include a resort hotel and a yacht club. R&F Yingxi Valley is located on Haikou's west coast and is comprised of villas and linked houses, while R&F Mangrove Bay is located at Chengmai Town adjacent to 99 acres of mangrove forest. The new project in the year was R&F Moon Bay Shore. It is located at Wenchang, one of the three historic towns of Hainan, and is comprised of villas and high-rise apartments built along 11 kilometres of shoreline. This project offers a serene environment within an hour's commute from Haikou when the transportation infrastructure has been completed; this will be another popular project by the Group in Hainan.

Johor Bahru, Malaysia

The Group entered the Malaysian property market because it was attracted by, among other things, the breadth of the potential customer base. This includes local Malaysian residents, Singaporeans from across the border, and mainland Chinese investors looking for quality properties overseas. Sales of the Group's first project in Johor Bahru, R&F Princess Bay, commenced in August 2014, less than eight months after the signing of the sale and purchase agreement for the site. The project has been especially designed to suit the different groups of target customers, while also introducing new standards of safety and living convenience to the area. Contracted sales of RMB1.69 billion were recorded for the year.

Land bank

Following a year of very active land acquisition in 2013, the Group had secured sufficient land for its development plans for the medium term by the beginning of the year. The Group accordingly chose to be especially selective in making further land purchases during the year. Ten plots of land in eight cities, with a total attributable GFA of 2,317,000 sq.m., were acquired in the year. Evidencing the Group's prudent approach to new land acquisition, of the plots acquired six (representing 83% in terms of GFA) were new sites in existing already successful projects, a move that is helping minimize development risks. All the other new plots were acquired in existing cities where the Group has considerable development experience. The Group's total land bank at year-end had increased to 42.94 million sq.m. GFA. Details are given below:

Location	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Development Properties		
Guangzhou	2,699,000	2,495,000
Beijing and vicinity	2,636,000	1,924,000
Tianjin	4,779,000	4,161,000
Shanghai and vicinity	531,000	519,000
Hangzhou	399,000	358,000
Chongqing	4,790,000	4,754,000
Hainan	3,415,000	3,299,000
Huizhou	2,978,000	2,978,000
Taiyuan	2,013,000	1,988,000
Harbin	1,326,000	1,326,000
Nanjing	531,000	435,000
Wuxi	866,000	863,000
Baotou	1,464,000	1,464,000
Fuzhou	554,000	554,000
Xian	414,000	406,000
Foshan	228,000	228,000
Chengdu	649,000	378,000
Guiyang	188,000	188,000
Shenyang	263,000	249,000
Zhuhai	100,000	100,000
Nanning	166,000	166,000
Changsha and vicinity	3,299,000	3,299,000
Datong	1,877,000	1,877,000
Meizhou	2,070,000	2,070,000
Melbourne, Australia	298,000	298,000
Brisbane, Australia	178,000	178,000
Johor Bahru, Malaysia	3,500,000	3,500,000
Investment Properties	730,000	713,000
Total	**42,941,000**	**40,768,000**

Investment Properties

One of the Group's key business strategies continues to be to own a portfolio of investment properties that generate a reliable cash flow through the ups and downs of the economic cycle. The Group plans to grow its investment portfolio over time, and at an appropriate pace, into a collection of rental office buildings, shopping malls and hotels of the highest quality and capital value. These qualities can already be seen in its existing key properties, which include the Group's office building, R&F Center, in Pearl River New Town in Guangzhou, and its shopping mall, R&F Viva Mall in Beijing, both of which also enjoy the benefit of excellent locations. During the year, a new hotel was added to the portfolio, while a further 463,000 sq.m. of investment property of all categories was at various stages of construction. The new hotel acquired, the eighth hotel to be owned by the Group, was the Intercontinental Huizhou Resort. Acquired as a fully operational hotel, this was the first resort hotel to be owned by the Group. It adds diversity to the Group's existing hotel portfolio, mainly made up of city-centre business hotels and comprising six 5-star hotels in Beijing, Guangzhou, Chengdu, Chongqing and Huizhou, together with the Express by Holiday Inn Temple of Heaven Beijing in Beijing. All these hotels, which are operated by reputable international hotel management companies and are haracterized by the highest hospitality industry service standards, remained competitive in their respective localities. Investment properties completed or in the pipeline are as follows:

Investment properties	**Location**	**Description**	**Approximate total GFA (sq.m.)**
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Guangzhou*	R&F Jingang City	4-star hotel 350 rooms	38,000
Park Hyatt, Guangzhou	Pearl River New Town J1-1	5-star hotel 176 rooms	66,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
R&F Haizhu City*	R&F Tianyu Center	Shopping mall	50,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 540 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 321 rooms	22,000
Tianjin			
Marriott Hotel Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000
Tianjin R&F Plaza*	Tianjin R&F City	Shopping mall	43,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Huizhou			
Renaissance Huizhou Hotel*	R&F Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	5-star hotel 350 rooms	45,000
InterContinental Huizhou Resort*	No.1 Wenquan Dadao, Hengli Town	5-Star Hotel 200 rooms 21 Villas	52,000
Chongqing			
Hyatt Regency Chongqing*	Jiangbei District	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Retail) *	R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn University City Chongqing	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
R&F Tianhui Mall*	Panda City	Shopping mall	255,000
The Ritz-Carlton, Chengdu*	Panda City	5-star hotel 353 rooms	57,000
Hainan			
Doubletree Resort by Hilton, Haikou–Chengmai	R&F Mangrove Bay	5-star hotel 300 rooms	38,000
Lingshui R&F Bay Shore Marriott & Yacht Club	R&F Bay Shore	5-star hotel 300 rooms	76,000
R&F Ocean Park	Lingshui County	Hotel, travel & commercial	200,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000
Harbin			
The Ritz-Carlton, Harbin	R&F Jiangwan New Town	5-star hotel 350 rooms	67,000
Taiyuan			
Pullman Taiyuan R&F Hotel	Taiyuan R&F City	5-star hotel 320 rooms	41,000
Shanghai			
Hyatt Place Shanghai #	Jiayu Wan	5-star hotel 150 rooms	16,000

* Completed, operating and pre-opening

\# Joint Venture Project

Outlook

For 2015, the Group's contracted sales target has been set at RMB60 billion, approximately 10% more than its actual contracted sales for 2014. The figure represents a proposed growth rate that takes into account the realities of the "new normal" market. This target will be achieved from sales of 62 projects in 23 cities, which will deliver 4.01 million sq.m. of properties. The details are set out below:

Location	To be completed in 1st half of 2015		To be completed in 2nd half of 2015	
	Approximate total GFA (sq.m.)	**Approximate total saleable area (sq.m.)**	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Guangzhou	164,000	127,000	520,000	367,000
Huizhou	177,000	138,000	198,000	157,000
Chongqing	164,000	124,000	87,000	67,000
Chengdu	137,000	97,000	48,000	37,000
Meizhou	-	-	292,000	290,000
Guiyang	-	-	44,000	42,000
Fuzhou	-	-	101,000	88,000
Hainan	51,000	40,000	219,000	170,000
Beijing &Vicinity	281,000	229,000	521,000	455,000
Tianjin	-	-	208,000	180,000
Taiyuan	25,000	25,000	319,000	286,000
Datong	44,000	43,000	-	-
Xian	-	-	112,000	105,000
Harbin	-	-	205,000	194,000
Shenyang			65,000	61,000
Shanghai &Vicinity	129,000	55,000	48,000	47,000
Nanjing	-	-	177,000	123,000
Hangzhou	-	-	232,000	187,000
Wuxi	-	-	122,000	114,000
Baotou	-	-	111,000	96,000
Foshan	-	-	87,000	66,000
Total	**1,172,000**	**878,000**	**3,716,000**	**3,132,000**

FINANCIAL REVIEW

The Group's net profit for the year decreased by 15% to RMB6.506 billion, from RMB7.646 billion the previous year. This decrease in the overall Group results mainly reflected the decrease in net profit of the core business of property development to RMB5.449 billion on a 6% decrease in turnover from sale of properties. For the business segments of property investment and hotel operations, both had improved. Rental income increased 14% and brought net profit for the property investment segment to RMB347 million not taking into account the fair value gains from investment properties of RMB1.638 billion (2013: RMB2.436 billion). The hotel operations recorded a reduced net loss of RMB140 million as compared to net loss of RMB249 million the prior year. The hotels of the Group continued to perform well and there were no pre-operating expenditures of new hotel in the year that negatively impacted on the financial results of the segment. The Group's other business segments (including construction services and the soccer team) recorded a net loss of RMB379 million as compared with a net loss of RMB338 million the previous year.

The Group carries out its core business of property development in 16 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

1. Turnover decreased by 6% to RMB31.65 billion, from RMB33.65 billion in the previous year. This turnover was based on delivery of 3.162 million sq.m. of sale properties in the year which was approximately 16% more than the 2.733 million sq.m. delivered the previous year. Overall average selling price decreased 19% to RMB10,010 per sq.m. from RMB12,310 per sq.m. resulting in the decrease in turnover. The lower overall average selling price for the year was to a large extent the effect of a sale mix that differed from last year's mainly in the absence of commercial properties with higher selling price (mainly Guangzhou's R&F Yingtong Plaza and R&F Yingkai Plaza which together accounted for 24% of the overall turnover at average selling price of RMB41,370 per sq.m. in 2013) and the increased weighting of rigid demand properties, notably Beijing R&F New Town and Taiyuan's R&F Peach Garden with lower average selling price of RMB6,600 per sq.m. These two projects had increased their combined share of total turnover to 15% from 2% in 2013. Change in the general price level of properties, on the other hand, had less impact on the decrease in overall average selling price. Six out of seven significant projects (with turnover not less than RMB1 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 35% of total turnover included R&F Prosperous Palace in Beijing, R&F Jinmen Lake in Tianjin, R&F Bay Shore in Hainan and R&F City in Chongqing, Taiyuan and Nanjing and had average selling price increased between 4% to 26% from the previous year. The only significant projects with selling price decrease was Beijing R&F New Town which accounted for 12% of total turnover and had a decrease of 6% in average selling price. For turnover by city, Beijing took over Guangzhou with the highest turnover of RMB8.688 billion (2013: RMB6.614 billion) and followed by Guangzhou and Tianjin each accounting for 27%, 16% and 11% (2013: 20%, 34% and 13%) of total turnover respectively. Turnover in Beijing increased 31% as a result of large scale delivery for residential projects including Xianghe R&F New Town, R&F Prosperous Palace and R&F Shangyue Court totaling 1,019,200 sq.m., a 113% increase over the prior year. Turnover of Guangzhou for the year dropped 57% but if only turnover from residential projects is compared, there was a 6% increase. Turnover of Tianjin maintained satisfactorily at RMB3.581 billion supported by its flagship project, R&F Jinmen Lake, which turnover further increased to RMB3.054 billion (2013: RMB2.262 billion) delivering 175,100 sq.m. (2013: 135,300 sq.m.) at average selling price of RMB17,440 per sq.m. (2013: RMB16,710 per sq.m.). Total turnover of Tianjin however had decreased by RMB952 million from RMB4.533 billion for the previous year due to RMB1.671 billion in turnover from the Group's only

commercial project outside Guangzhou, R&F Center in Tianjin was included in last year as compared to only RMB160 million in the current year. Of the cities which had turnover in the year aside from the three cities mentioned above, Taiyuan and Nanjing were the cities that saw modestly strong gain in turnover; in Taiyuan's case it was mainly due to delivery of the new project, R&F Peach Garden, and in Nanjing's case, it was the increased delivery of its sole project R&F City. Four cities had first delivery of properties in the year, they were Wuxi, Hangzhou, Harbin and Shenyang, which together accounted for 12% of total turnover.

2. Overall cost of goods sold and costs of land and construction per sq.m. decreased 14% and 17% respectively to RMB6,300/sq.m. and RMB5,220/sq.m. (2013: RMB7,300/sq.m. and RMB6,270/sq.m.) with the change in sale mix. The range for land and construction cost per sq.m of individual project narrowed to range from RMB13,900 down to RMB2,500 with the high end of the range reduced from RMB15,200 absence commercial projects in Guangzhou CBD that typically carried higher land and construction costs. In the low end of the range were rigid demand type housing in tier 2 or 3 cities e.g. R&F City in Chongqing and Taiyuan. The top project in the year Beijing's R&F New Town at Xianghe also carried low land and construction cost per sq.m. of RMB3,600 and due to its weight in the total turnover, had significant effect on overall per sq.m. land and construction cost. The proportion of each of the four main components of cost of goods sold: land cost, construction costs, business tax and capitalized interest, varied slightly from last year mainly as a result of significantly increased capitalized interest included in the cost of goods sold. In the year under review, land and construction costs accounted for 83% (2013: 86%), business tax 9% (2013: 10%) and capitalized interest 8% (2013: 4%). Capitalized interest included in the cost of sales and also as a percentage of turnover from sale of properties increased to RMB1.540 billion and 4.9% from 2013's RMB797 million and 2.4% respectively. The cost of goods sold also included RMB1.863 billion (2013: RMB1.999 billion) in business tax.

3. Gross margin decreased by 4% to 37% from 41% of the prior year given the average selling price of turnover decrease of 19% which was only partially offset by 14% decrease in cost of goods sold per sq.m. Analysing based on the gross margin by city, gross margin of the key cities including Beijing and Guangzhou were stable despite a changing sale mix: 38% and 50% respectively for Beijing and Guangzhou as compared to 37% and 50% the prior year. The gross margin were quite even across the new cities of Wuxi, Hangzhou, Harbin and Shenyang delivering properties for the first time; their gross margin average at 35%. This pattern indicated the sustainability of the current overall gross margin going forward.

4. Other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of turnover increased to 8.9% from 6.4% in the previous year due to selling and administration expenses for the year increased RMB681 million in amount or 32%. Broken down into its two components, selling expenses increased by RMB276 million to RMB836 million and administrative expenses increased by RMB405 million to RMB1.988 billion. Selling expenses increased mainly due to the number of sales projects in the year further increased to 58 from 55 in the year. The main component of administrative expenses was personnel costs which increased by RMB211 million for reasons including, among others, that the Group now operates in 24 cities including 3 oversea cities and further strengthening of functional departments.

6. The share of result of associated companies 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 33.34% in the Guangzhou Liedecun project, 25% interest in Tianjin Jinnan New Town project and 50% in Hines Shanghai New Jiangwan Development Co. Ltd. These four projects mentioned had a combined turnover in the year of RMB5.565 billion which was

approximately 493 million lower than previous year and in turn caused the Group's share of results to decreased by RMB162 million.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalized to development costs, decreased by 37% to RMB1.216 billion (2013: RMB1.934 billion) as a result of more of the interest incurred in the year were eligible for capitalization. Total interest incurred in the year actually increased from RMB3.886 billion in the prior year to RMB5.801 billion with outstanding loans at the year-end of approximately RMB67.7 billion (2013: RMB61.4 billion) and an average interest rate of 8.2%. Aggregate interest costs included in this year's results amounted to RMB2.756 billion (2013: RMB2.731 billion) counting also capitalized interest released to cost of goods sold of RMB1.540 billion (2013: RMB797 million).

8. Land appreciation tax (LAT) of RMB1.283 billion (2013: RMB2.348 billion) and Enterprise Income Tax of RMB2.003 billion brought the Group's total income tax expenses for the year to RMB3.286 billion. LAT reduced significantly not only in amount but as a percentage of turnover as well which decreased to 4.1% from 7.0% in 2013. This decrease was due to the fact that there were fewer projects with especially high gross margin attracting LAT at high tax rate and more gross profit from rigid demand type projects exempted from LAT. The effective enterprise income tax rate stood at 26.9% (2013: 27.5%), deviating from the standard rate by 1.9% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's net profit margin for the year was 18.7%, as compared to 21.1% in the previous year. If fair value gains from investment properties are excluded, this year's net profit margin would be 15.2%, 0.8% lower than the 16.0% of 2013 reflecting the change in gross margin from property development.

Financial resources, liquidity and liabilities

At 31 December 2014, the Group's cash amounted to RMB19.83 billion and with total borrowings at RMB67.66 billion. Net debt to total equity ratio was at 92%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes and 3) trust loans and others each accounted for 51%, 18% and 31% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB20.1 billion (2013: RMB19.3 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

The Group has also available to it perpetual capital instruments which increased by RMB14.5 billion in the year.

Debt Profile

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 33% of total debts. Bank loans repaid in the year amounted to RMB15.19 billion while new bank loans of RMB18.59 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2014 was 6.76% (2013: 6.66%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 17.7% of total borrowings. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2014, the Group has approximately 26,458 employees (31 December 2013: 22,933). The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also link with business performance and profitability of the Company and the market conditions. Individual director and senior management would not be involved in deciding their own remuneration.

Annual General Meeting and Closure of Register of Members

The 2014 annual general meeting ("AGM") of the Company will be held on Friday, 29 May 2015 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 29 May 2015, the register of members of the Company will be closed from Wednesday, 29 April 2015 to Friday, 29 May 2015, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 April 2015.

The Board has proposed that no final dividend be paid for 2014.

Purchase, redemption or sales of listed securities of the Company

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Compliance with Model Code

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for directors in their dealing in the Company's securities. The Company made specific enquires with each director and each of them confirmed that he or she had complied with the Model Code during the financial year ended 31 December 2014.

Compliance with the Code on Corporate Governance Practices

The Company is committed to good corporate governance practices and procedures including a quality board, sound internal control, transparency and accountability to its shareholders. 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 on 28 February 2014, the Company complied with the Code on Corporate Governance Practices (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited throughout the 12 months ended 31 December 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.

Following the resignation of Mr. Dai Feng effective from 28 February 2014 as an independent non-executive director of the Company and a member of the audit committee, Mr. Zheng Ercheng was appointed as an independent non-executive director of the Company and a member of the audit committee on 30 May 2014. The audit committee comprises Mr. Lai Ming, Joseph (Chairman of the audit committee) and Mr. Zheng who are independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The Audit Committee has reviewed the annual results for the year ended 31 December 2014.

Li Sze Lim
Chairman

17 March 2015

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 & Mr. Zheng Ercheng.

* *For identification purpose only*