建業地產股份有限公司

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code 0832

2009 INTERIM REPORT

CONTENTS

CORPORATE PROFILE

Central China Real Estate Limited ("Central China" or the "Company", together with its subsidiaries, collectively the "Group"; stock code: 832.HK) was incorporated in the Cayman Islands on 15 November 2007 as an exempt company with limited liability, the shares of which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 June 2008. With class 1 qualification for property development in the People's Republic of China (the "PRC" or "China"), the Group is a leading residential property developer in Henan Province and is acknowledged by its peers as the "Landlord of the Region". With a business focus on property development in central China and in adherence to its "Regional Strategy", the Company has established itself across the province spanning 22 cities in Henan Province. As at 30 June 2009, the Group had established 36 project companies with a total developed gross floor area ("GFA") of approximately 3.87 million sq.m. Total GFA under construction currently amounts to approximately 1.19 million sq.m. while land reserves amount to 7.54 million sq.m..

Faithful to its service philosophy of "providing customers with zero-defect products and high quality services", the Group positions itself as a market leader, serving the middle to upper classes in the region. A portfolio of products including the "Green Garden" and the "Forest Peninsula" has been developed to cater to different sectors in the market. The "U-Town" and the "Landmark" have become milestones in urban development and the construction industry of Zhengzhou. Drawing upon the vast number of home owners and customers in its customer base in Henan, the Group is committed to improving its customer service by setting up a comprehensive service network across the province, featuring the "anytime, anywhere and any sector" concept.

In early 2009, the Group's "CCRE" logo was recognized as "Famous Trademark of Henan Province" by the Administration for Industry & Commerce of Henan Province. In January 2009, the Group ranked 36th (39th in 2008) among the 2009 Top 100 Real Estate Enterprises in the PRC, according to the Top 100 China Real Estate Enterprises Research Report published by the China Real Estate Top 10 Research Team. It was also among the "Prudence Top 10" for its sound operation and financial performance.

Adhering to the corporate philosophy of "Perseverance for Excellence" and its core value of "Taking root in central China, contributing to society", the Group aspires to provide customers with defect-free products and highest quality of services. As a conscientious corporate citizen, the Group has contributed significantly to the development of the real estate industry in its region. With our architecture, we mark our presence in each city we enter. With our architecture, we create new lifestyles for the local citizens. Together with the rest of the local developers, we lift the standard of construction and strive to devote in the process of urbanization in Henan.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the interim results of Central China Real Estate Limited for the six months ended 30 June 2009 on behalf of the board (the "Board") of directors of the Company.

The global economy remained fragile in the first half of 2009. Following the RMB4 trillion economic stimulus package last year, the PRC government implemented proactive fiscal and a moderately loose monetary policy this year, which helped stabilize the external environment to boost market confidence.

As a result, China's key markets have seen signs of improvement and property transaction volume has picked up in the first half of 2009 due to strong underlying demand. Affected positively by various factors, the property market in coastal and first-tier cities quickly bottomed out in the first quarter. This was further supported by clearer signs of stabilization and ample liquidity in the second quarter. Meanwhile, the property market in Henan started to rebound in April 2009.

The Company strongly believes in being prudent. In the face of the downturn in 2008, the Company slowed down development of various projects. Coupled with lower revenue contributed from sales of commercial properties, the Board expects the Company's revenue for full year 2009 will decline, as compared to the year before.

During the reporting period, the property market in Henan has improved. To stay ahead, the Company continued its focus on improving customer service and strengthening its core competencies and placing greater emphasis on quality products and services. As the Company completed its geographical layout in eighteen prefecture-level cities of Henan, owners of the Company's properties will exclusively benefit from the Company's provincial development strategies. The Company has plans to roll out various measures to perfect its "community network service" system, which will more prominently demonstrate Central China's unrivalled standing as a leading developer in the region.

In executing its corporate strategies and expansion plan, the Company's top priority is to build a team of outstanding performers who demonstrate good work ethics and professionalism, and a strong management team of excellent execution and project management capabilities. The "Central China School" was established to bring project operations and management to the next higher level and to continually improve staff training and education.

China's economy has currently delivered a strong signal of recovery. Property market has also formed an upward trend. China's accelerating urbanization and a better housing system bring about growing housing demand. With improved market sentiments, prefecture-level cities in Henan are also seeing an economic upturn. As consumption level and purchasing power pick up gradually in various major cities, the Company will benefit from development projects in third-tier cities such as Luoyang and Kaifeng which are expected to contribute significantly in the coming years. We are confident of our regional strategies particularly after growing new markets successfully, and the company's premium brand and product quality are fully recognized by the market.

More importantly, Henan's gross domestic product ("GDP") and urbanization rate have been above China's national average in recent years. Its housing prices are less volatile as compared to those in the first-tier and coastal cities. These positive factors will underpin the long-term and sustainable development of the Company. The Company has successfully raised substantial amount of capital, strengthening its financial position. Construction is progressing well as planned. Having honed our competitive edge, the Company expects healthy and sustainable growth in operating results after 2009.

I wish to thank all our staff members and the management team for their dedication and hard work. We also extend our sincere gratitude to our shareholders, customers and members of the public who have taken an interest in our business and generously given their support and trust. In return, we seek to excel the property market in central China by delivering outstanding results and earnings. We will continually strive, with greater passion, for the healthy and sustainable development of the real estate industry in China.

Wu Po Sum
Chairman

3 September 2009

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATION REVIEW

(I) Market review

1. Macro-economy

In the face of the financial crisis and the severe global recession, major economies have taken synchronized expansionary measures which laid the foundation for recovery worldwide. Recent economic data suggests that developed economies such as the US, EU and Japan may be on the mend, while developing countries and emerging economies like China are also on the path to recovery. In the first half of 2009, supported by a series of expansionary policies from the central government, China had shrugged off the economic downturn. According to the National Bureau of Statistics of China, China's GDP grew 7.1% year-on-year to RMB13.98 trillion in the first half of 2009, based on comparable price level. Growth rates in the first and second quarters were 6.1% and 7.9% respectively.

During the reporting period, Henan saw a gradual improvement in overall business environment as the provincial government carried out the macro-control policies implemented by the PRC central government. According to the Statistical Bureau of Henan, Henan's GDP climbed to RMB896.2 billion in the first half of 2009, representing a year-on-year increase of 8.2%.

2. Property Market

Boosted by positive stimulus measures, the performance of China's real estate market in the first half of 2009 markedly exceeded market expectations. As the PRC central government's policies further took effect, China's commodity housing sales volume grew 31.7% year-on-year to 341 million sq.m.. Sales revenue reached RMB1.58 trillion, an increase of 53.0% over the same period of last year. In the first half of 2009, Henan's commodity property sales reached 13.88 million sq.m. which represented an increase of 20.1% over the same period last year. Corresponding sales revenue was RMB36.049 billion, representing an increase of 31.7% over the same period in 2008. Overall, Henan property market recovered at a slightly slower pace than the national average.

(II) Project Development

During the reporting period, to equip the Company for future rapid expansion, the Group further strengthened its organizational structure through enhancing its ability on project management and project control capabilities and optimized its operating efficiency and the profitability of projects. In view of its current geographical spread of projects and human resources, the Group re-organized its management structure from a two-level hierarchy to a three-level hierarchy and reinforced our existing centralized management model, setting the stage for the next level of expansion in the region.

During the reporting period, despite market uncertainties, the Group achieved its targets through prudent execution, management and control, and is on track to meet its full year operational targets for 2009.

(1) Development schedule

During the reporting period, the Group commenced construction of 6 projects or phases, with newly commenced GFA of 390,475 sq.m.. Given market uncertainties, construction of some projects was postponed to the second half of the year.

Newly commenced projects as at 30 June 2009

Location	Newly commenced GFA *(sq.m.)*
Zhengzhou	128,187
Other cities in Henan Province	262,288
Total	390,475

As at 30 June 2009, the Group had 17 projects under construction with a total GFA of approximately 1,187,031 sq.m, including 6 projects in Zhengzhou and 11 projects in other cities of Henan Province.

Projects under construction as at 30 June 2009

Location	GFA under construction *(sq.m.)*
Zhengzhou	366,443
Other cities in Henan Province	820,588
Total	1,187,031

In the first half of 2009, the Group had completed construction of 3 projects or phases. The total completed GFA was 223,342 sq.m., with saleable GFA of 209,719 sq.m..

Completed projects as at 30 June 2009

Project	Total GFA *(sq.m.)*	Saleable GFA *(sq.m.)*
Forest Peninsula (Sanmenxia)	116,704	105,367
Phase II of Forest Peninsula (Xinyang)	66,505	64,219
Phase III of Sweet-Scented Osmanthus Garden	40,133	40,133
Total	223,342	209,719

(2) *Sales schedule*

During the reporting period, the Company sold/pre-sold 328,347 sq.m. with a total sale/pre-sale amount of approximately RMB1,340 million.

Sales/pre-sale as at 30 June 2009

Location	Approximate saleable areas sold *(sq.m.)*	Approximate total amount *(RMB'000)*
Zhengzhou	50,021	346,890
Other cities in Henan Province	278,326	993,090
Total	328,347	1,339,980

(3) Land reserves

During the reporting period, the Company adopted a relatively prudent land reserves policy. As at 30 June 2009, the Company had land reserves with a total GFA of 7,540,000 sq.m., and obtained the state-owned land use right certificates in respect of 6,650,000 sq.m. of such land.

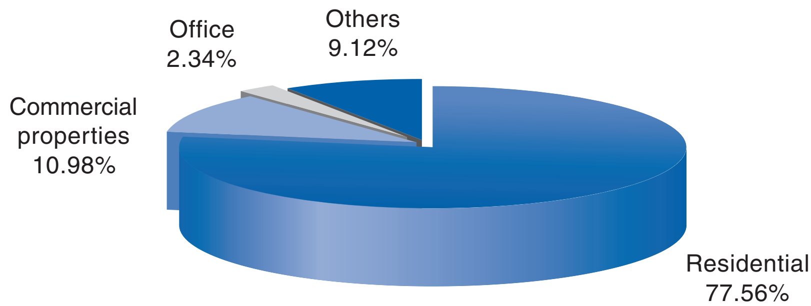
Distribution of land reserves

1. By development status

Distribution of the Company's land reserves by development status (as at 30 June 2009)

2. By property type

Distribution of the Company's land reserves by property type (as at 30 June 2009)



(4) Further acquisition of interests in Huayang Square (Luoyang) Project

On 25 May 2009, Central China Real Estate Holdings Limited ("CCRE Holdings"), an indirect wholly-owned subsidiary of the Company, entered into a share transfer agreement with Brightest Group Limited ("Brightest Group"), pursuant to which CCRE Holdings agreed to acquire 9.99% shareholding in Artstar Investments Limited ("Artstar Investments") along with interests in the shareholder's loan from Brightest Group at a consideration of RMB75,000,000. Upon completion of the said acquisition, the Company's interest in Artstar Investments increased to 74.99% while the shareholding of Mass Million International Limited ("Mass Million") and Superb East Investments Limited ("Superb East") in Artstar Investments remained unchanged at 10.01% and 15% respectively. As Luoyang Zhongya Real Estate Development Company Limited, the PRC project company of the Huayang Square (Luoyang) Project, is a wholly-owned subsidiary of Artstar Investments, the Company has thus increased its interests in Huayang Square (Luoyang) Project to 74.99%.

(5) Public bidding for land

On 29 April 2009, the Company's wholly-owned subsidiary Hebi Central China Real Estate Company Limited successfully bid for a parcel of land in a listing of sale in respect of state-owned land use rights organised by the Land Resources Bureau of Hebi City, which is located at Jiujiang Road, Hebi City with a total site area of 65,949 sq.m., at a consideration of RMB57.57 million. The plot ratio under the development plan set by the local government is not more than 2.0.

On 31 July 2009, the Company's wholly-owned subsidiary Anyang Central China Real Estate Company Limited successfully bid for a parcel of land in a listing of sale in respect of state-owned land use rights organised by the Land Resources Bureau of Anyang City, which is located in Xiaowu Village, Anyang City with a total site area of 75,288 sq.m., at a consideration of RMB83.05 million. The plot ratio under the development plan set by the local government is not more than 3.2.

On 6 August 2009, the Company's wholly-owned subsidiary Jiyuan Central China Real Estate Company Limited successfully bid for two parcels of land in a listing of sale in respect of state-owned land use rights organised by the Land Resources Bureau of Jiyuan City, which are located at Yugong Road, Jiyuan City, with total site areas of 82,237 sq.m. and 78,066 sq.m., at a consideration of RMB62.91 million and RMB59.72 million respectively. Their plot ratios under the development plan set by the local government are not more than 3.0.

(III) Significant events affecting the Group after 30 June 2009 and up to the date of this interim report

(1) On 25 August 2009, CCRE Holdings entered into share transfer agreements with each of Mass Million and Superb East, whereby CCRE Holdings agreed (i) to purchase from Mass Million 10.01% shareholding in Artstar Investments at a consideration of HK$50,000,000 and (ii) to purchase from Superb East 10% shareholding in Artstar Investments at a consideration of HK$50,000,000. Upon completion of the acquisitions, CCRE Holdings' interest in Artstar Investments will increase to 95% while the remaining 5% shareholding in Artstar Investments will be held by Superb East. Further details of the acquisitions are set out in the announcement published by the Company on 25 August 2009.

(2) Issue of convertible bonds and warrants

On 5 August 2009, the Company entered into subscription agreements with each of FV Green Alpha Two Limited ("FV Green") and West Hill Asia Limited ("West Hill") in relation to the issue and subscription for convertible bonds at an aggregate principal amount of HK$765 million at an initial conversion price of HK$3.1, which were issued in conjunction with warrants entitling the two investors to subscribe for a maximum of 76 million warrants of the Company at the initial exercise price of HK$4.1 per share. The transaction was completed on 31 August 2009. The convertible bonds in the principal amount of HK$687 million and HK$78 million were subscribed by FV Green and West Hill respectively. In addition, 68 million warrants and 8 million warrants were issued to FV Green and West Hill respectively. For details, please refer to the announcements of the Company dated 5 August 2009 and 31 August 2009.

Save as disclosed herein, no important events affecting the Group's operation have occurred since 30 June 2009 and up to the date of this interim report.

II. BUSINESS OUTLOOK

(I) Market Outlook

1. Macro-economy

The PRC central government's emphasis on proactive fiscal policy and a moderately loose monetary policy will continue throughout the rest of the year. Expansionary policies by major economies such as US and China will continue for some time, to support a sustainable global recovery. Various leading indicators show that China's economy is recovering from the downturn. It is expected that the macro-economy in China will continue the upward momentum in the second half of the year.

Henan, a province focusing on primary and natural resources-related industries, is well-positioned to ride on the nationwide economic recovery. Henan province, benefiting from the Chinese government's stimulus package, is expected to enjoy stable growth in its economy in the second half of 2009.

2. Property Market

The property market is highly responsive to changes in macro-economic policies and trends. Changes in market expectations also significantly impact short-term property market performance. The Company is of the view that China's macro-economy and property market policies will remain largely stable in the second half of 2009, thus anticipating a relatively positive outlook on property market.

China's economy was adversely affected by the global financial crisis region by region. Recovery in the Henan property market is slower than major cities such as Beijing and Shanghai and other coastal areas. In the Company's opinion, in tandem with the recovery of Henan's economy, Henan's property market growth for the rest of 2009 is likely to accelerate.

(II) Business planning

Completion of 13 projects (phases) are expected to take place in the second half of the year, with an aggregate completed GFA of 733,944 sq.m.. The Company will leverage on the recovery of property market and move the quality improvement plan for products and services forward so as to accomplish the operating targets of 2009.

(III) Completion plan

At present, the Group's projects are implemented as scheduled, particulars of plans of completion are as follows:

Expected completion of constructions in the second half of 2009

No.	Project	Phase	Expected GFA completed in the second half of 2009 *(sq.m.)*	Expected saleable area completed in the second half of 2009 *(sq.m.)*	Expected completion time
1	Huayang Square (Luoyang)	Phase I	132,602	127,396	September
2	Forest Peninsula (Zhumadian)	Phase V	38,686	37,672	October
3	Shangjie Forest Peninsula (Zhengzhou)	Phase I	50,237	50,133	August
4	Champagne Garden (Zhengzhou)		85,328	85,328	September, December
5	Forest Peninsula (Zhengzhou)	Phase IV	37,941	36,506	December
6	Gentlest Lake (Luoyang)	Phase II	82,404	82,334	November
7	One City (Luoyang)	Phase I	47,700	47,607	December
8	Forest Peninsula (Zhoukou)	Phase I	38,008	38,008	December
9	Forest Peninsula (Luohe)	Phase III	47,335	45,984	November
10	Forest Peninsula (Xinxiang)	Phase I	19,019	19,019	September
11	Forest Peninsula (Jiaozuo)	Phase III	9,445	7,469	September
12	Forest Peninsula (Kaifeng)	Phase I	66,468	66,468	December
13	Forest Peninsula (Kaifeng)	Phase II	78,771	73,270	December
Total			733,944	717,194	

III. FINANCIAL ANALYSIS

Net Profit: In the first half of 2009, profit attributable to the shareholders of the Group decreased by 57.5% to RMB100 million from RMB236 million for the same period last year, mainly attributable to the decrease in turnover and saleable area for the period.

Turnover: In the first half of 2009, the Group's turnover was RMB645 million (including RMB630 million from sale of commodity properties, accounting for approximately 97.7%), representing a decrease of RMB563 million, or approximately 46.6% as compared with RMB1,208 million for the same period of 2008. The decrease was mainly due to a 45.9% decrease in GFA completed and sold, from 307,734 sq.m. in the first half of 2008 to 166,358 sq.m. in the first half of 2009 and a 91.8% decrease in revenue from construction contract, from RMB62 million to RMB5 million as a result of substantial completion of the construction contract. The decrease was partially offset by a 2.3% rise in average selling price, from RMB3,703 per sq.m. in the first half of 2008 to RMB3,787 per sq.m. in the first half of 2009.

Cost of sales: The Group's cost of sales decreased by RMB359 million, or 47.6%, from RMB753 million in the first half of 2008 to RMB394 million in the first half of 2009. The decrease was primarily due to the decrease in the total GFA of properties sold. The Group's land costs per square metre remained steady in the first half of 2009 and our development costs were also stable.

Gross profit margin: Gross profit margin was 38.8% in the first half of 2009, increased by 1.1 percentage point as compared with 37.7% in the same period of 2008, which was mainly due to the decrease in revenue from construction contract with low profit margin.

Other revenue: Other revenue from operations increased by RMB14 million from RMB14 million in the first half of 2008 to RMB28 million in the first half of 2009, primarily attributable to the increase in interest income from bank deposits arising from higher levels of pre-sale proceeds.

Other net income: Other net income decreased from RMB22 million in the first half of 2008 to RMB7 million in the first half of 2009. This decline primarily reflected a RMB22 million decrease in exchange gain arising from bank loans denominated in foreign currency in 2008, which was partially offset by a gain from disposal of Wanda & Central China Retail Mall (Luoyang) Company Limited of approximately RMB7 million.

Selling and marketing expenses: Selling expenses increased from RMB39 million in the first half of 2008 to RMB43 million in the same period of 2009, an increase of RMB4 million, which was mainly due to additional RMB4 million of sponsorship fee for football team in the first half of 2009.

General and administrative expenses: General and administrative expenses increased from RMB58 million in the first half of 2008 to RMB66 million in the first half of 2009, an increase of 14.4%, mainly due to the increase in salary of staff in relation to share-based payment under the Company's pre-IPO share option scheme and compliance related expenses after listing of the Company's shares.

Other operating expenses: Other operating expenses decreased from RMB12 million in the first half of 2008 to RMB8 million in the first half of 2009, mainly due to a decrease of RMB6 million in compensation paid for cancellation of a rental agreement, which was partially offset by an increase of RMB2 million in heat and hot water services due to higher prices of coal and oil.

Share of loss of an associate: In the first half of 2009, the Group accounted for its share of loss amounting to RMB2 million on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited, representing operating expenses incurred by that company in its early stages before revenue was generated.

Finance costs: Finance costs decreased from RMB28 million in the first half of 2008 to RMB25 million in the first half of 2009, due mainly to a RMB4 million decrease in gross borrowing costs as a result of lower interest payments following a decrease in interest rates, offset partially by a decrease in capitalization of borrowing costs.

Changes in fair value of investment properties and investment properties under development: The increase in fair value of the Group's investment properties and investment properties under development mainly contributed by the increase in fair value of investment properties under development of RMB2 million as a result of adoption of amendment to HKAS40 during the reporting period. Market value of the Group's investment properties basically remained stable.

Income tax: The Group's income tax decreased by RMB74 million, or 62.8%, from RMB117 million in the first half of 2008 to RMB44 million in the first half of 2009. The effective tax rate decreased from 33.1% in the first half of 2008 to 30.7% in the first half of 2009. The income tax decreased in line with the revenue as fewer GFA was sold in the first half of 2009. The effective tax rate declined because the Company's profitable subsidiaries used the authorised taxation method (pursuant to which revenue rather than assessable profit is used to calculate a company's tax).

Financial resources and utilisation: As at 30 June 2009, the Group's cash on hand amounted to RMB1,403 million (31 December 2008: RMB928 million). During the reporting period, the Group distributed a dividend of RMB194 million to the shareholders of the Group in relation to profit attributable to the year ended 31 December 2008.

Pledge of assets: As at 30 June 2009, the Group had pledged buildings, projects under construction, properties held for future development and under development, completed properties for sales and bank deposits with an aggregate carrying amount of RMB2,342 million to secure general bank credit facilities granted to the Group.

Financial guarantees: As at 30 June 2009, the Group provided guarantees of approximately RMB2,058 million to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties.

Capital commitment: As at 30 June 2009, the Group had contractual commitments in respect of properties development activities amounting to RMB1,711 million and the Group had authorised, but not yet contracted for, a further RMB9,169 million in expenditure in respect of property development.

IV. LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB2,040 million as at 30 June 2009 (31 December 2008: RMB1,338 million). As at 30 June 2009, 98.2% and 1.8% of the Group's cash and bank deposits were denominated in Renminbi, and other currencies (mainly US dollars and HK dollars) respectively (31 December 2008: 95.4% and 4.6%).

Borrowings and charges on group assets

The Group had an aggregate borrowings as at 30 June 2009 of approximately RMB2,005 million of which approximately RMB960 million will be repayable within 1 year, approximately RMB601 million will be repayable after 1 year but within 2 years and approximately RMB444 million will be repayable after 2 years but within 5 years. As at 30 June 2009, the substantial part of the bank borrowings were secured by land use rights and properties of the Group and guaranteed by companies of the Group.

Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowing net of cash and cash equivalents and restricted bank deposits secured against bank loans) over the total capital and reserves attributable to equity owners. As at 30 June 2009, the gearing ratio was 15.5% (31 December 2008: 2.3%)

Risk of exchange rate fluctuation

The Group operates mainly in the PRC; hence most of its revenue and expenses are denominated in Renminbi. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group has not applied any instruments for foreign currency hedging purposes during the period under review. For the period ended 30 June 2008, the Group incurred an exchange gain of RMB22 million due mainly to exchange gain arising from bank loans denominated in foreign currency.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2009, the total number of employees of the Group was 929 (31 December 2008: 1,093). Employees are remunerated based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group's policies on insurances and provident funds are in line with the state and local laws and regulations on labor and social welfare. As at the date hereof, the Group has no major labor disputes which has or might have adverse impact on its business operation.

VI. DIRECTORS' AND EXECUTIVES' INTERESTS

As at 30 June 2009, save as disclosed below, none of the directors (the "Directors" and each a "Director") or chief executives of the Company had registered any interest or short position in the shares (the "Shares"), underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Long positions in the Shares

Name of Director	Capacity and nature of interest	Number of Shares	Approximate percentage of interest in the Company's issued share capital
Mr. Wu Po Sum	Interest in a controlled corporation	944,246,820 *(Note 1)*	47.21%
	Beneficial owner	6,350,000 *(Note 3)*	0.32%
Mr. Wang Tianye	Interest in a controlled corporation	13,647,555 *(Note 2)*	0.68%
	Beneficial owner	2,500,000 *(Note 3)*	0.13%
Mr. Lim Ming Yan	Beneficial owner	2,500,000 *(Note 3)*	0.13%
Mr. Leow Juan Thong Jason	Beneficial owner	1,500,000 *(Note 3)*	0.08%
Ms. Yan Yingchun	Beneficial owner	1,500,000 *(Note 3)*	0.08%

Notes:

1. Mr. Wu Po Sum holds 100% of the entire issued share capital of Joy Bright Investments Limited (恩輝投資有限公司) ("Joy Bright"). Mr. Wu Po Sum has a controlling interest in Joy Bright and is therefore deemed to be interested in the 944,246,820 Shares held by Joy Bright for the purposes of the SFO.

2. Mr. Wang Tianye holds 100% of the entire issued share capital of Super Joy International Limited (卓愉國際有限公司) ("Super Joy"). Mr. Wang Tianye has a controlling interest in Super Joy and is therefore deemed to be interested in the 13,647,555 Shares held by Super Joy for the purposes of the SFO.

3. Such interest in the Shares is held pursuant to the share options granted under the Pre-IPO Share Option Scheme (as defined below). A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme is set forth in the section headed "Statutory and General Information - Pre-IPO Share Option Scheme" in Appendix VII to the Prospectus (as defined below).

VII. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2009, save as disclosed below, none of any persons (except for the Directors or chief executives of the Company) had registered any interest or short position in the Shares, underlying Shares representing 5% or more of the nominal value of Shares comprised in the relevant share capital of the Company as recorded in the register kept by the Company under section 336 of the SFO.

Long positions in the Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares	Approximate percentage of interest in the Company's issued share capital *(Note 1)*
Joy Bright *(Note 2)*	Beneficial owner	944,246,820	47.21%
Mr. Wu Po Sum *(Note 2)*	Interest in a controlled corporation	944,246,820	47.21%
CapitaLand LF (Cayman) Holdings Co., Ltd. ("CapitaLand (Cayman)") *(Note 3)*	Beneficial owner	542,105,625	27.11%
CapitaLand China Holdings Pte Ltd (凱德置地中國控股私人有限公司*) ("CapitaLand China") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.11%
CapitaLand Residential Limited ("CapitaLand Residential") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.11%
CapitaLand Limited ("CapitaLand") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.11%
Temasek Holdings (Private) Limited *(Note 3)*	Interest in a controlled corporation	542,105,625	27.11%
FMR LLC *(Note 4)*	Investment manager	100,103,000	5.01%

(1) The percentage shareholdings are based on a total of 2,000,000,000 Shares in issue.

(2) Mr. Wu Po Sum holds 100% of the entire issued share capital of Joy Bright and will be deemed to be interested in the 944,246,820 Shares held by Joy Bright for the purposes of the SFO.

(3) CapitaLand (Cayman) is directly wholly owned by CapitaLand China, CapitaLand China is directly wholly owned by CapitaLand Residential and CapitaLand Residential is directly wholly owned by CapitaLand. Temasek Holdings (Private) Limited has an interest in approximately 41.0% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings (Private) Limited is deemed or taken to be interested in the 542,105,625 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

(4) FMR LLC is deemed to be interested as investment manager in 100,103,000 shares through its controlled corporations, Fidelity Management and Research Company and Fidelity Management Trust Company, Pyramis Global Advisors LLC which are interested in 96,734,000 and 3,369,000 Shares respectively.

* *For identification purposes only*

VIII. PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

IX. SHARE OPTION SCHEMES

The share option schemes of the Company includes the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme").

A. Pre-IPO Share Option Scheme

The Shareholders conditionally adopted the Pre-IPO Share Option Scheme by written resolutions on 14 May 2008. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme is set forth in the section headed "Statutory and General Information — Pre-IPO Share Option Scheme" in Appendix VII to the prospectus of the Initial Public Offering of the Company dated 26 May 2008 ("Prospectus").

Movement of share options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2009 was as follows:

			Number of Shares subject to share options				
Name or category of participants	Date of grant	Exercise price per Share	As at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2009
Directors							
Mr. Wu Po Sum	14 May 2008	HK$2.75	6,350,000	—	—	—	6,350,000
Mr. Lim Ming Yan	14 May 2008	HK$2.75	2,500,000	—	—	—	2,500,000
Mr. Wang Tianye	14 May 2008	HK$2.75	2,500,000	—	—	—	2,500,000
Mr. Leow Juan Thong Jason	14 May 2008	HK$2.75	1,500,000	—	—	—	1,500,000
Ms. Yan Yingchun	14 May 2008	HK$2.75	1,500,000	—	—	—	1,500,000
			14,350,000	—	—	—	14,350,000
Senior management, other employees and consultants of the Group	14 May 2008	HK$2.75	17,050,000	—	—	600,000	16,450,000
			31,400,000	—	—	600,000	30,800,000

Note :

In relation to each grantee of the share options granted under the Pre-IPO Share Option Scheme, no share option is exercisable within the first year from the date of listing of the Shares on the Stock Exchange, that is, 6 June 2008 (the "Listing Date"), not more than 20% of the share options are exercisable within the second year from the Listing Date and not more than 40% of the share options are exercisable in each of the third and fourth year from the Listing Date.

B. Share Option Scheme

The Shareholders conditionally adopted the Share Option Scheme pursuant to the written resolutions dated 14 May 2008. A summary of the principal terms and conditions of the Share Option Scheme is set forth in the section headed "Statutory and General Information — Share Option Scheme" in Appendix VII to the Prospectus.

Under the Share Option Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted options which entitle them to subscribe for shares representing, when aggregated with any shares subject to any other scheme of the Company, up to a maximum of 10% of the shares in issue of the Company as of 6 June 2008, unless the Company obtains a fresh approval from the Shareholders to renew the said limit or the Shareholders specifically approve the grant.

No option was granted by the Company under the Share Option Scheme during the six months ended 30 June 2009.

X. CONNECTED TRANSACTION

Acquisition of 9.99% shareholding in Artstar Investments (the "Acquisition")

On 25 May 2009, CCRE Holdings entered into a share transfer agreement with Brightest Group, whereby CCRE Holdings agreed to acquire 9.99% shareholding in Artstar Investments along with interests in the shareholder's loan from Brightest Group at a consideration of RMB75,000,000. Upon completion of the Acquisition, the Company's interest in Artstar Investments increased to 74.99% while the shareholding of Mass Million and Superb East in Artstar Investments remained unchanged at 10.01% and 15% respectively.

Mr. Zhang Chunfeng, who is currently the sole director and shareholder of Superb East, is a controller as defined under Rule 14A.10(3) of the Listing Rules by virtue of his directorships in several subsidiaries of the Group (including Artstar Investments). It follows that Superb East is an associate of a controller. As such, despite the fact that the SPA was entered into between CCRE Holdings, an indirect wholly-owned subsidiary of the Company, and Brightest Group, an Independent Third Party, the Acquisition constitutes a connected transaction of the Company under Rule 14A.13(1)(b)(i) of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the share transfer agreement are on normal commercial terms and are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

XI. CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has strictly complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the period under review.

XII. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has strictly complied with the Model Code in Appendix 10 to the Listing Rules during the period under review. Having made specific enquiry to all Directors, the Company confirmed that all Directors had complied with the Model Code.

XIII. AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set forth in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee consists of two independent non-executive Directors, Mr. Cheung Shek Lun and Mr. Fang Fenglei, and one non-executive Director, Mr. Leow Juan Thong Jason. Mr. Cheung Shek Lun, who has professional qualifications in accountancy, is the chairman of the Audit Committee.

The Company's financial statements for the six months ended 30 June 2009 have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and other laws, and adequate disclosures have been made.

XIV. REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference setting out its authority and duties. The Remuneration Committee comprises two independent non-executive Directors, Mr. Cheung Shek Lun and Mr. Fang Fenglei, and one executive Director, Mr. Wu Po Sum. Mr. Wu Po Sum is the chairman of the Remuneration Committee.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Wu Po Sum
Mr. Wang Tianye
Ms. Yan Yingchun

Non-executive Directors
Mr. Lim Ming Yan
Mr. Leow Juan Thong Jason
Mr. Hu Yongmin
Ms. Wallis Wu

Independent Non-executive Directors
Mr. Cheung Shek Lun
Mr. Fang Fenglei
Mr. Wang Shi

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Tang Man Joe

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 88, Jianye City Garden, Jianye Road
Zhengzhou City, Henan Province, the PRC

PLACE OF BUSINESS IN HONG KONG

Room 1008, Concordia Plaza, 1 Science Museum Road
Tsimshatsui East, Kowloon, Hong Kong

WEBSITE OF THE COMPANY

www.centralchina.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited

LEGAL ADVISER (AS TO HONG KONG LAW)
Li & Partners

AUDITOR
KPMG *Certified Public Accountants*

COMPLIANCE ADVISER
Guotai Junan Capital Limited

INVESTOR AND MEDIA RELATIONS ADVISOR
Wonderful Sky Financial Group Limited

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2009	2008
	Note	***RMB'000***	*RMB'000*
Turnover	4	**644,845**	1,208,271
Cost of sales		**(394,523)**	(753,264)
Gross profit		**250,322**	455,007
Other revenue	5	**27,657**	13,532
Other net income	5	**7,385**	22,201
Selling and marketing expenses		**(42,508)**	(39,215)
General and administrative expenses		**(66,274)**	(57,942)
Other operating expenses		**(8,213)**	(11,749)
Profit from operations		**168,369**	381,834
Share of loss of an associate		**(2,237)**	(910)
Finance costs	6(a)	**(25,351)**	(28,331)
Profit before changes in fair value of investment properties and investment properties under development and taxation		**140,781**	352,593
Changes in fair value of investment properties and investment properties under development		**1,416**	2,200
Profit before taxation	6	**142,197**	354,793
Income tax	7	**(43,720)**	(117,443)
Profit for the period		**98,477**	237,350
Attributable to:			
Equity holders of the Company		**100,308**	236,239
Minority interests		**(1,831)**	1,111
Profit for the period		**98,477**	237,350
Basic earnings per share *(RMB cents)*	9	**5.02**	11.81

The notes on pages 34 to 63 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Profit for the period	**98,477**	237,350
Other comprehensive income for the period		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,833**	(11,594)
Total comprehensive income for the period	**100,310**	225,756
Attributable to:		
Equity shareholders of the Company	**102,141**	223,600
Minority interests	**(1,831)**	2,156
Total comprehensive income for the period	**100,310**	225,756

The notes on pages 34 to 63 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**30 June 2009** *RMB'000*	31 December 2008 *RMB'000*
Non-current assets			
Property, plant and equipment	10	**231,137**	211,209
Investment properties	11	**244,700**	245,200
Investment properties under development	11	**11,300**	9,384
Interest in an associate		**20,065**	22,302
Other financial assets		**15,400**	15,400
Deferred tax assets		**9,275**	3,309
		531,877	506,804
Current assets			
Properties for sale	12	**5,416,909**	4,803,837
Trade and other receivables	13	**290,373**	223,103
Deposits and prepayments	14	**255,377**	343,568
Prepaid tax		**59,243**	27,520
Restricted bank deposits	15	**637,483**	409,797
Cash and cash equivalents		**1,402,905**	927,721
		8,062,290	6,735,546

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

AT 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**30 June 2009** *RMB'000*	31 December 2008 *RMB'000*
Current liabilities			
Bank loans	16	**833,366**	488,790
Other loans	17	**126,720**	123,950
Trade and other payables and accruals	18	**1,746,467**	1,940,923
Receipts in advance		**1,662,418**	947,270
Tax payable		**85,276**	106,842
		4,454,247	3,607,775
Net current assets		**3,608,043**	3,127,771
Total assets less current liabilities		**4,139,920**	3,634,575
Non-current liabilities			
Bank loans	16	**757,584**	444,417
Other loans	17	**287,810**	36,790
Deferred tax liabilities		**63,639**	63,446
		1,109,033	544,653
NET ASSETS		**3,030,887**	3,089,922

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

AT 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**30 June 2009** *RMB'000*	31 December 2008 *RMB'000*
CAPITAL AND RESERVES	19		
Share capital		**179,637**	179,637
Reserves		**2,668,291**	2,760,495
Total equity attributable to equity holders of the Company		**2,847,928**	2,940,132
Minority interests		**182,959**	149,790
TOTAL EQUITY		**3,030,887**	3,089,922

The notes on pages 34 to 63 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

		Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserve fund RMB'000	Other capital reserve RMB'000	Exchange reserve RMB'000	Employee share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Minority interest RMB'000	Total equity RMB'000
Balance at 1 January 2008		114	999,966	115,166	148,348	(10,022)	—	76,715	1,330,287	144,514	1,474,801
Changes in equity for the six months ended 30 June 2008:											
Appropriation of statutory reserve fund		—	—	35,003	—	—	—	(35,003)	—	—	—
Equity settled share-based transaction		—	—	—	—	—	697	—	697	—	697
Dividend declared and paid	8(b)	—	—	—	—	—	—	(152,000)	(152,000)	—	(152,000)
Nominal value of share capital of the subsidiary transferred	19(a)	135,021	(999,966)	—	864,945	—	—	—	—	—	—
Issue of new shares, net of listing expenses	19(a)	44,502	1,076,820	—	—	—	—	—	1,121,322	—	1,121,322
Contributions from minority shareholders		—	—	—	—	—	—	—	—	6,500	6,500
Total comprehensive income for the period		—	—	—	—	(12,639)	—	236,239	223,600	2,156	225,756
Balance at 30 June 2008		179,637	1,076,820	150,169	1,013,293	(22,661)	697	125,951	2,523,906	153,170	2,677,076

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

		Attributable to equity holders of the Company									
	Note	Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Employee share-based compensation reserve	Retained profits	Total	Minority interest	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 July 2008		179,637	1,076,820	150,169	1,013,293	(22,661)	697	125,951	2,523,906	153,170	2,677,076
Changes in equity for the six months ended 31 December 2008:											
Appropriation of statutory reserve fund		–	–	96,769	–	–	–	(96,769)	–	–	–
Equity settled share-based transaction		–	–	–	–	–	5,907	–	5,907	–	5,907
Acquisition of additional interest in a subsidiary		–	–	–	(6,686)	–	–	–	(6,686)	(14,321)	(21,007)
Capital distribution to a minority shareholder		–	–	–	–	–	–	–	–	(4,000)	(4,000)
Dividend paid to a minority shareholder		–	–	–	–	–	–	–	–	(5,500)	(5,500)
Contributions from minority shareholders		–	–	–	–	–	–	–	–	20,000	20,000
Total comprehensive income for the period		–	–	–	–	(57)	–	417,062	417,005	441	417,446
Balance at 31 December 2008		179,637	1,076,820	246,938	1,006,607	(22,718)	6,604	446,244	2,940,132	149,790	3,089,922
Balance at 1 January 2009		179,637	1,076,820	246,938	1,006,607	(22,718)	6,604	446,244	2,940,132	149,790	3,089,922
Changes in equity for the six months ended 30 June 2009:											
Appropriation of statutory reserve fund		–	–	22,827	–	–	–	(22,827)	–	–	–
Equity settled share-based transaction		–	–	–	–	–	4,489	–	4,489	–	4,489
Dividend declared and paid	8(b)	–	–	–	–	–	–	(193,834)	(193,834)	–	(193,834)
Acquisition of additional interest in a subsidiary		–	–	–	(5,000)	–	–	–	(5,000)	–	(5,000)
Contributions from minority shareholders		–	–	–	–	–	–	–	–	35,000	35,000
Total comprehensive income for the period		–	–	–	–	1,833	–	100,308	102,141	(1,831)	100,310
Balance at 30 June 2009		179,637	1,076,820	269,765	1,001,607	(20,885)	11,093	329,891	2,847,928	182,959	3,030,887

The notes on pages 34 to 63 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Cash used in operations	**(103,476)**	(32,751)
PRC income tax paid	**(102,782)**	(119,030)
Net cash used in operating activities	**(206,258)**	(151,781)
Net cash generated from/(used in) investing activities	**46,863**	(303,334)
Net cash generated from financing activities	**634,835**	1,168,686
Net increase in cash and cash equivalents	**475,440**	713,571
Cash and cash equivalents at 1 January	**927,721**	399,602
Effect of changes in foreign exchange rate	**(256)**	(11,594)
Cash and cash equivalents at 30 June	**1,402,905**	1,101,579

The notes on pages 34 to 63 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PRESENTATION AND PREPARATION

(a) *Basis of presentation*

Central China Real Estate Limited ("the Company") was incorporated in the Cayman Islands on 15 November 2007 and registered as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business is at Room 1008, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong and its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries ("the Group") are principally engaged in property development in Henan Province in the People's Republic of China ("the PRC").

Pursuant to a reorganisation of the Group completed on 14 May 2008 ("the Reorganisation") to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange") ("the Listing"), the Company became the holding company of the subsidiaries comprising the Group. The shares of the Company were listed on the Stock Exchange on 6 June 2008.

The Group is regarded as a continuing entity resulting from the Reorganisation under common control. The relevant comparative information of the Group have been prepared as if the current group structure had been in existence throughout the period ended 30 June 2008 or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

(b) *Basis of preparation*

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 3 September 2009.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PRESENTATION AND PREPARATION *(CONTINUED)*

(b) Basis of preparation (continued)

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The interim financial report is unaudited, but have been reviewed by audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG's independent review report to the board of directors is included on page 64.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Group's financial statements for that financial year but is derived from those financial statements. The financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2009.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvement to HKFRSs (2008)
- HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to HKAS27, *Consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKFRS 2, *Share-based payment — vesting conditions and cancellations*
- Amendments to HKFRS 7, *Financial instruments: Disclosures — improving disclosures about financial instruments*
- HK(IFRIC) 15, *Agreements for the construction of real estate*
- HK(IFRIC) 16, *Hedges of a net investment in a foreign operation*

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The amendments to HKAS 23, HKAS 27, HKFRS 2 and HKFRS 3 and Interpretations HK(IFRIC) 15 and HK(IFRIC) 16 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, explanation has been included in the interim financial report which explains the basis of preparation of the information (see note 3).

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

- The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:

  — As a result of amendments to HKAS 40, *Investment property*, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. The adoption of the new policy led to an increase in net assets of the Group as at 30 June 2009 and in profit of the Group for the period ended 30 June 2009 by RMB1,916,000.

3 SEGMENT REPORTING

Services from which reportable segments derive their revenue

In prior periods, segment information reported externally was analysed on the basis of the types of services provided by the Group (i.e. property development, property leasing and construction contracts). However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 and believes that this presentation provides more relevant information than that previously shown under HKAS 14.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING *(CONTINUED)*

Turnover from major services

The Group's turnover from its major services are set out in note 4 to this interim financial report.

Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan Province in the PRC.

Information about major customers

Included in the turnover for the period is an amount of RMB93,979,000 (2008: Nil) which arose from the Group's largest customer.

4 TURNOVER

The principal activities of the Group is property development, property leasing and construction contract.

Turnover of the Group for the period is analysed as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Property sales	**630,041**	1,139,469
Property leasing	**9,709**	6,500
Construction contract	**5,095**	62,302
	644,845	1,208,271

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Other revenue		
Interest income	**27,157**	13,532
Government subsidies	**500**	—
	27,657	13,532
Other net income		
(Loss)/gain on disposals of property, plant and equipment	**(89)**	4
Net exchange gain	**—**	22,197
Gain on disposal of a subsidiary	**7,474**	—
	7,385	22,201

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

6 PROFIT BEFORE TAXATION

		Six months ended 30 June	
		2009	2008
		RMB'000	*RMB'000*
(a)	Finance costs:		
	Interest on bank loans	**36,223**	43,644
	Interest on other loans	**16,853**	9,574
	Interest on advances from customers *(note)*	**4,685**	9,163
	Other ancillary borrowing costs	**3,627**	3,165
		61,388	65,546
	Less: Borrowing costs capitalised into properties under development	**(36,037)**	(37,215)
		25,351	28,331

Note: Under certain agreements with buyers of the properties of the Group, the Group agreed to lease-back the respective properties with put options from the buyers for a specified period, typically three years from the date of signing the sale agreements. Within one month after the expiry of the lease-back period, the buyers have the option to sell back the respective properties to the Group at agreed amounts. Accordingly the related sales would not be recognised in the consolidated income statement until the expiry of the repurchase period. The annual rent for the lease-back properties were 7% of the relevant purchase price paid by the buyers and the related expenses were recorded as finance costs in the consolidated income statement.

		Six months ended 30 June	
		2009	2008
		RMB'000	*RMB'000*
(b)	Other items:		
	Amortisation and depreciation	**5,275**	4,349

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**36,901**	64,042
PRC Land Appreciation Tax	**12,592**	41,222
	49,493	105,264
Deferred tax		
Revaluation of properties	**193**	(408)
Tax losses	**—**	8,832
Withholding tax on dividends	**—**	3,755
Other temporary differences	**(5,966)**	—
	(5,773)	12,179
	43,720	117,443

(a) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(b) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX *(CONTINUED)*

(c) PRC Corporate Income Tax ("CIT")

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain subsidiaries of the Group were subject to CIT calculated based on the deemed profit which represents 10% to 15% (2008: 10% to 15%) of their revenue in accordance with the authorised taxation method（核定徵收）pursuant to the applicable PRC tax regulations. The tax rate was 25% (2008: 25%) on the deemed profit. Other PRC subsidiaries of the Group, which were subject to the audited taxation method（查賬徵收）, were charged CIT at a rate of 25% (2008: 25%) on the estimated assessable profit for the respective period.

(d) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT（《中華人民共和國土地增值稅暫行條例》）effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT（《中華人民共和國土地增值稅暫行條例實施細則》）effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties（普通標準住宅）if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain subsidiaries of the Group were subject to LAT which is calculated based on 1.5% to 3.5% (six months ended 30 June 2008: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX *(CONTINUED)*

(e) *Withholding tax*

A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of PRC foreign investment enterprises earned after 1 January 2008 under current PRC tax law and regulations. During the period, the PRC foreign investment enterprise of the Group has not declared dividend in relation to the profits earned after 1 January 2008 and no withholding tax on the dividend was charged to the consolidated income statement for current period. In addition, the PRC foreign investment enterprise of the Group has no intention to declare dividend from its profit earned during the period. In this regard, no deferred tax liabilities in relation to withholding tax were recognised.

8 DIVIDENDS

(a) The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: RMB Nil).

(b) *Dividends declared and paid prior to the Listing and dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period*

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Dividends declared and paid prior to the Listing	—	152,000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$11 cents (equivalent to RMB9.6917 cents) (2008: Nil) per ordinary share	**193,834**	—
	193,834	152,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

8 DIVIDENDS *(CONTINUED)*

(b) (continued)

Dividends declared for the period ended 30 June 2008 represented dividends approved and declared by a subsidiary of the Company to its then shareholders prior to the Reorganisation. The dividend rates and number of shares ranking for the dividends declared and paid prior to the Listing are not presented as such information is not meaningful having regard to the purpose of the interim financial report.

9 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the profit attributable to equity holders of the Company of RMB100,308,000 (six months ended 30 June 2008: RMB236,239,000) and the weighted average of 2,000,000,000 shares in issue during the interim period. The number of shares adopted in the calculation of basic earnings per share for the six months ended 30 June 2008 represented the 2,000,000,000 shares in issue as at 30 June 2008 as if the shares were in issue throughout the entire six months ended 30 June 2008.

No diluted earnings per share is presented as the Company's pre-IPO share options as at 30 June 2009 do not give rise to any dilution.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group's additions in property, plant and equipment amounted to RMB25,812,000 (six months ended 30 June 2008: RMB4,550,000). Items of property, plant and equipment with a net book value of RMB609,000 were disposed of during the six months ended 30 June 2009 (six months ended 30 June 2008: RMB176,000), resulting in a loss on disposal of RMB89,000 (six months ended 30 June 2008: gain of RMB4,000).

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

All investment properties and investment properties under development of the Group were revalued as at 30 June 2009 by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who has among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

12 PROPERTIES FOR SALE

	At 30 June 2009 *RMB'000*	At 31 December 2008 *RMB'000*
Properties held for future development and under development for sale	**4,219,651**	3,688,915
Completed properties held for sale	**1,197,258**	1,114,922
	5,416,909	4,803,837

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Bills receivable	**300**	300
Trade receivables	**4,741**	5,082
Other receivables	**93,044**	120,734
Amounts due from related companies	**186,885**	89,226
Amounts due from minority shareholders	**2,400**	—
Gross amount due from a customer for contract work	**3,003**	7,761
	290,373	223,103

The ageing analysis of trade receivables, all of which are neither individually nor collectively considered to be impaired, are as follows:

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Current or less than 1 month overdue	**584**	813
1 to less than 3 months overdue	**250**	952
3 to less than 6 months overdue	**804**	577
6 months to less than 1 year overdue	**865**	695
More than 1 year overdue	**2,238**	2,045
	4,741	5,082

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

In respect of trade receivables of mortgage sales, no credit terms will be granted to the purchasers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such purchasers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownership of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

Based on past experience, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances, except for the mortgage loans receivable as set out in note 21.

14 DEPOSITS AND PREPAYMENTS

At 30 June 2009, the balance included deposits and prepayments for leasehold land of RMB104,956,000 (31 December 2008: RMB209,679,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

15 RESTRICTED BANK DEPOSITS

	At 30 June 2009 ***RMB'000***	At 31 December 2008 *RMB'000*
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**141,537**	97,009
— bills payable	**335,946**	212,788
— bank loans *(note 16(c))*	**160,000**	100,000
	637,483	409,797

16 BANK LOANS

(a) *At 30 June 2009, the bank loans were repayable as follows:*

	At 30 June 2009 ***RMB'000***	At 31 December 2008 *RMB'000*
Within 1 year	**833,366**	488,790
After 1 year but within 2 years	**567,584**	424,417
After 2 years but within 5 years	**190,000**	20,000
	757,584	444,417
	1,590,950	933,207

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

16 BANK LOANS *(CONTINUED)*

(b) *At 30 June 2009, the bank loans were secured as follows:*

	At 30 June 2009 ***RMB'000***	At 31 December 2008 *RMB'000*
Secured	**1,280,873**	759,314
Unsecured	**310,077**	173,893
	1,590,950	933,207

(c) *At 30 June 2009, assets of the Group secured against bank loans are analysed as follows:*

	At 30 June 2009 ***RMB'000***	At 31 December 2008 *RMB'000*
Properties for sale	**1,875,625**	739,310
Restricted bank deposits	**160,000**	100,000
	2,035,625	839,310

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

17 OTHER LOANS

(a) *At 30 June 2009, other loans were repayable as follows:*

	At 30 June 2009 *RMB'000*	At 31 December 2008 *RMB'000*
Within 1 year	**126,720**	123,950
After 1 year but within 2 years	**33,940**	36,790
After 2 years but within 5 years	**253,870**	—
	287,810	36,790
	414,530	160,740

(b) *At 30 June 2009, the other loans were secured as follows:*

	At 30 June 2009 *RMB'000*	At 31 December 2008 *RMB'000*
Secured	**322,810**	120,740
Unsecured	**91,720**	40,000
	414,530	160,740

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

17 OTHER LOANS *(CONTINUED)*

(b) *At 30 June 2009, the other loans were secured as follows: (continued)*

Secured other loans were secured by assets of the Group as follow:

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Properties for sales	230,768	—
Property, plant and equipment	75,720	—
	306,488	—

Apart from the above, secured other loan with carrying amount of RMB15,000,000 (31 December 2008: RMB40,000,000) was pledged by future lease income of certain properties held by the Group. The expected future lease income is RMB145,236,000 (31 December 2008: RMB167,325,000) at 30 June 2009.

18 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Bill payables	325,319	180,433
Trade payables	404,820	675,566
Other payables and accruals	767,799	702,625
Amounts due to related parties	32	32
Amounts due to minority shareholders	248,497	382,267
	1,746,467	1,940,923

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

18 TRADE AND OTHER PAYABLES AND ACCRUALS *(CONTINUED)*

The ageing analysis of bill and trade payables is set out as follows:

	At 30 June 2009 *RMB'000*	At 31 December 2008 *RMB'000*
Due within 1 month or on demand	**262,528**	585,569
Due after 1 year	**142,292**	89,997
	404,820	675,566

19 CAPITAL AND RESERVES

(a) Share capital and share premium

The share capital at 1 January 2008 represented the aggregate of share capital of Joy Ascend Holdings Limited ("Joy Ascend") and the Company.

Pursuant to the Reorganisation on 14 May 2008, the Company allotted and issued, in each case credited as fully paid, a total of 1,499,999,999 ordinary shares as to 944,246,819 ordinary shares to Joy Bright Investments Limited, as to 13,647,555 ordinary shares to Super Joy International Limited and as to 542,105,625 ordinary shares to CapitaLand LF (Cayman) Holdings Co. Ltd, and credited as fully paid at par the initial one subscriber share already allotted to Joy Bright, in consideration for the acquisition of each of their respective shareholding interests in Joy Ascend.

On 6 June 2008, the Company issued 500,000,000 shares with par value of HK$0.10 each at a price of HK$2.75 per share by way of a global initial public offering to Hong Kong and overseas investors upon the Listing. The Group raised approximately HK$1,259,862,000 (equivalent to RMB1,121,322,000) in total net of related expenses from the share offer.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL AND RESERVES *(CONTINUED)*

(a) *Share capital and share premium (continued)*

The share capital at 30 June 2009 is as follows:

	At 30 June 2009		At 31 December 2008	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Ordinary shares, issued and fully paid:				
Ordinary shares of HK$0.1 each	**2,000,000**	**200,000**	2,000,000	200,000
		'000		*'000*
RMB equivalent		**179,637**		179,637

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL AND RESERVES *(CONTINUED)*

(b) *Share options*

On 14 May 2008, the Company conditionally granted certain Pre-IPO share options to the Company's directors, employees and consultants. The exercise of these share options would entitle five of the Company's directors and ninety employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The exercise price is HK$2.75 per share. The pre-IPO share option scheme was effective from the listing date of the Company's share on the Stock Exchange. Under the Pre-IPO Share Option Scheme, no Pre-IPO share options are exercisable within the first year from the listing date. Not more than 20% of the share options are exercisable within the second year from the listing date and not more than 40% of the share options are exercisable in each of the third and fourth year from the listing date. Each option gives the holders the right to subscribe for one ordinary share of the Company.

The number and weighted average exercise prices of share options are as follows:

	2009	
	Exercise price	**Number of options**
Outstanding at 1 January	—	31,400,000
Lapsed during the period	HK$2.75	(600,000)
Outstanding at 30 June	HK$2.75	30,800,000
Exercisable at 30 June	HK$2.75	6,160,000

The options outstanding at 30 June 2009 had an exercise price of HK$2.75 (31 December 2008: HK$2.75) and a weighted average remaining contractual life of 2.3 years (31 December 2008: 2.7 years).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

20 COMMITMENTS

(a) *Capital commitments outstanding at 30 June 2009 not provided for were as follows:*

	At 30 June 2009	At 31 December 2008
	RMB'000	*RMB'000*
Authorised but not contracted for	**9,168,827**	7,955,669
Contracted but not provided for	**1,711,543**	1,695,217
	10,880,370	9,650,886

Capital commitments mainly related to land and development costs for the Group's properties under development.

(b) *Commitments for operating leases*

At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2009	At 31 December 2008
	RMB'000	*RMB'000*
Within 1 year	**1,125**	772
After 1 year but within 5 years	**1,410**	1,618
After 5 years	**496**	662
	3,031	3,052

The Group is the lessee in respect of a number of properties under operating lease. The leases typically run for an initial period of two to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the purchasers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at 30 June 2009 is as follows:

	At 30 June 2009	At 31 December 2008
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**2,058,266**	1,690,351

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods under guarantees as the Group has not applied for individual building ownership certificates for these purchasers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default on their mortgage payments to the banks.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2009, major related party transactions entered by the Group are as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Sales of properties *(note (a))*	**93,978**	—
Rental expenses *(note (b))*	**201**	262
Interest expenses to a minority shareholder of a subsidiary *(note (c))*	**5,312**	—

(a) During the period, the Group sold commercial properties at a consideration of RMB93,978,000 to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The unsettled amount at 30 June 2009, together with that related to the sales recognised in the year ended 31 December 2008, amounted to RMB186,590,000 (31 December 2008: RMB88,851,000). The outstanding amount is unsecured, interest free and recoverable on demand.

(b) The amount represented rental expenses for the office of the Group paid to a related company, in which Mr Wu Po Sum has significant interest.

(c) The amount represented interest paid/payable in relation to an advance from a minority shareholder to a subsidiary. The advance is interest-bearing at 12% per annum.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) *Key management personnel remuneration*

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and senior management, are as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Directors' fees	**511**	—
Salary and other emoluments	**5,007**	3,745
Contribution to retirement benefit schemes	**26**	26
Share-based payment	**2,457**	362
	8,001	4,133

23 NON-ADJUSTING POST-BALANCE SHEET EVENT

(a) On 5 August 2009, the Company entered into certain agreements with independent investors under which the Company would issue convertible bonds at an aggregate principal amount of HK$765 million with coupon rate of 4.9% per annum and conversion price of HK$3.10 per share, in conjunction with 76,097,561 warrants at the exercise price of HK$4.10 per share. The transaction was completed on 31 August 2009.

(b) On 25 August 2009, the Group entered into the share transfer agreements with minority shareholders of Artstar Investments Limited ("Artstar"), under which the Group would acquire an additional 20.01% equity interest in Artstar at a total consideration of HK$100 million. Subsequent to the acquisition, the Group's equity interest in Artstar would increase from 74.99% to 95%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

24 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) *Impairment provision for construction in progress*

The Group makes impairment provision for the above properties taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the balance sheet date. Any increase or decrease in the provision would affect profit or loss in future years.

(b) *Provision for completed properties for sale and properties held for future development and under development for sale*

The Group's completed properties held for sale and properties held for future development and under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

24 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(b) *Provision for completed properties for sale and properties held for future development and under development for sale (continued)*

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for completed properties held for sale and properties held for future development and under development for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the balance sheet date. Any increase or decrease in the provision would affect profit or loss in future years.

(c) *Impairment for trade and other receivables*

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

(d) *Recognition of deferred tax assets*

Deferred tax assets in respect of temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax asses to be recognised and hence the net profit in future years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

24 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(e) PRC Corporate Income Tax and PRC Land Appreciation Tax

As explained in note 6, the Group is subject to PRC Corporate Income Tax and PRC Land Appreciation Tax under both authorised taxation method or audited taxation method in different jurisdictions. Significant judgement is required in determining the level of provision, as the calculations of which depend on the ultimate tax determination and are subject to uncertainty. The adoption of different methods may also affect the level of provision. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

(f) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in Renminbi Yuan unless otherwise indicated)

25 COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, certain comparative figures have been provided in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING 1 JANUARY 2009

Up to the date of issue of the interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning 1 January 2009 and which have not been adopted in the interim financial report.

The Group has made an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but has so far concluded that these new HKFRSs would not have a significant impact on the Group's results of operations and financial position.

KPMG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CENTRAL CHINA REAL ESTATE LIMITED

INTRODUCTION

We have reviewed the interim financial report set out on pages 26 to 63 which comprises the consolidated balance sheet of Central China Real Estate Limited ("the Company") as at 30 June 2009 and the related consolidated income statement, statement of comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

3 September 2009