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

2010
Interim Report

CONTENTS

CORPORATE PROFILE

Central China Real Estate Limited ("Central China" or the "Company", together with its subsidiaries, collectively the "CCRE Group" or 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. The Group has been granted the First Class Honor of Real Estate Developer in the People's Republic of China (the "PRC" or "China").

Adhering to its corporate philosophy of "Perseverance for Excellence" since its establishment, the Company is determined to integrate its mission with urban development. Through our architectural projects, we mark our presence in each city we enter, and create new lifestyles for the local community. Together with its local peer developers, the Company contributes to the local community by improving the standards of construction, increasing tax collections of local governments and creating job opportunities. Our relentless efforts in driving the urbanization process and promoting economic growth of the society have won the accolades of government authorities, professionals, peers, customers as well as our staff.

Dedicated to its philosophy of "providing customers with zero-defect products and quality services", the Company as a market leader has focused on the middle and upper market segment in the region. A portfolio of products including "Green Garden", "Jianye City", "Sweet-Scented Osmanthus Garden", "Forest Peninsula", "U-Town" and "One City" have been developed. In particular, "Forest Peninsula", "U-Town" and "One City" have enhanced the living standards in Henan.

Since its establishment 18 years ago, the Company has been committed to developing the highest quality residences, creating a brand name embedded with a sense of social responsibility and building an outstanding management team.

The Company has extended its presence into Henan's 18 prefecture-level cities and 4 county-level cities and completed an aggregate GFA of approximately 4.69 million sq.m.. Currently, annual GFA under development exceeds 2 million sq.m. with annual GFA sold of nearly 1 million sq.m.. As at 30 June 2010, the Company had 30 projects/phases under construction with approximately 1.5 million sq.m. GFA under development, and had land reserves of 10.92 million sq.m..

Fully integrating "economic benefits and social benefits, material pursuit and spiritual pursuit, corporate interests and staff interests, strategic goals and execution process"- the Company's long-term goal has started to take shape.

In March 2010, Central China Real Estate Limited ranked 35th (36th in 2009) among the 2010 China Top 100 Real Estate Developers and ranked first in Henan's real estate industry, according to the Top 100 China Real Estate Enterprises Research Report. The Group was also among the "Top 10 Prudent Enterprises" for its sound operation and financial performance.

The Company is committed to contributing to the development of the industry and private investment, the growth of our nation, and the prosperity of our country.

CHAIRMAN'S STATEMENT

I am pleased to present the interim results of the Group for the six months ended 30 June 2010 on behalf of the board of directors of the Company (the "Board").

Against the backdrop of a slowdown in the world's major economies, China's economy maintained its fast momentum in the first half of 2010, posting a 11.1% year-on-year increase in its gross domestic product ("GDP"). To curb rapidly rising property prices in various cities, the central government timely launched measures to bring on a steady and healthy development of the real estate market. During the reporting period, residential transaction volume in terms of GFA in key cities dropped year-on-year and property prices started to ease.

Henan Province witnessed a 14.3% GDP growth year-on-year and an economic upturn in all its prefecture-level cities in the first half of 2010. As opposed to first-tier cities where "housing price bubbles" were constantly suppressed, the property market in Henan headed steadily upward, once again indicating that properties in the region are driven mainly by end-user rather than speculative demand.

As a result of the rapid growth in Henan's economy and property market, the Company's performance improved remarkably in the first half of 2010 as compared with the same period last year, doubling its net profits. Meanwhile, as consumption and purchasing power gradually pick up in major cities in Henan Province, the Company expects to benefit from its development projects in cities such as Luoyang and Luohe which are expected to contribute significantly to the Company's performance in the coming years. With our successful expansion into new markets in Henan, the Company is confident of and continuously strengthens its provincial strategy. The Company's product and service quality have increasingly gained market recognition.

As the Company completed its geographical layout in Henan's eighteen prefecture-level cities, the Company's brand-name and market share in Henan Province have been uplifted. The Company is confident of the positive outlook of Henan's property market. We will continue to adhere to our provincial strategy, tapping into markets by expanding land reserves in targeted major cities.

During the reporting period, the Company maintained its commitment to adhere to its core values of running a "reliable, responsible, ethical and right business" and reiterated its emphasis on products and services in daily practice. It has strived to enhance the quality of its product and service and develop new core competencies. In 2010, we actively promoted low-carbon residences to set the foundation for sustainable development of our business. With a dedicated research team established at the beginning of the year to develop a new suite of green and low-carbon products, the Company completed the CCRE Green Declaration (《建業綠色宣言》) in April 2010. These efforts will take the Company one step ahead in meeting our green initiatives, strengthening our leading position in the Henan market. The province-wide network service which is underway has also made significant progress as more business partners joined the system, providing more complete and diversified service to our customers. At the same time, property owners were called upon to join the "Tour Around Province" ("全省大串門"), a travelling scheme for homeowners to share the benefits of the development of our provincial strategies. This is a distinctive competitive advantage that none of the other property developers in Henan Province can overtake.

Supported by both domestic and offshore funding, the Company is able to acquire land in the land market at a competitive price as planned. In the first half of the year, the Company acquired additional land reserves with a GFA of approximately 1.5 million sq.m.. Meanwhile, with the gradual increase in the development of integrated metropolitan complexes (城市綜合體) and a steady increase in the proportion of properties held by the Company, a solid foundation is set for a sustainable earnings growth.

Looking ahead into the second half of the year, we expect the macro economy to continue its steadfast growth while uncertainties in the real estate market will linger as a result of the influence of the macro control policies. However, the Company holds the view that the development of an enterprise hinges upon its fundamentals and core competitiveness. To deliver its promise to the market, the Company will continually enhance internal management efficiency and effective cost control measures, adjust development schedules and endeavor to achieve annual operational targets. Meanwhile, taking "18 cities in 18 years" ("18年·18城") as a marketing opportunity and using "Together we listen"("建業在傾聽") as its theme, the Company will strive to listen to various voices from the community and gather feedback and recommendations in order to refine our products and services.

I wish to thank our staff members and management for their dedication and hard work. The confidence and expectation our shareholders place on us are what motivate us in this ever-changing era. We will continue to maximize shareholders' value and strive to excel in the property market in central China, and endeavor to contribute to the healthy and sustainable development of the real estate industry in China.

Wu Po Sum
Chairman

20 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATION REVIEW

(I) Market review

1. Macro-economy

During the first half of 2010, under the shadow of the global debt crisis and the modest recovery of the world's major economies, emerging economies including China maintained a rapid growth momentum. China's GDP for the first half of 2010 reached RMB17.284 trillion, a year-on-year increase of 11.1%.

Given the steady growth in the income of urban and rural residents in Henan Province and strong fundamental consumption demand in the first half of 2010, all cities in Henan had showed signs of booming in their economies. In the first half of 2010, Henan's GDP recorded a 14.3% increase over the same period last year.

2. Property market

New property policies issued by the central and local government gradually took effect in the first half of 2010. For the first half of 2010, the GFA of commodity properties sold and revenue from the sales of commodity properties in the PRC were 394 million sq.m. and RMB1.98 trillion respectively, representing a year-on-year increase of 15.4% and 25.4% and a decline of 7.1 percentage points and 13 percentage points respectively as compared to January-May.

The property market in Henan Province, being the main market of the Company's business development, remained steady as a whole. For the first half of 2010, the GFA of commodity properties sold and revenue from the sales of commodity properties in Henan Province amounted to 18.14 million sq.m. and RMB53.1 billion respectively, representing a year-on-year increase of 30.7% and 47.3% and down by 5.0 percentage points and 6.3 percentage points respectively as compared to January-May.

(II) Project Development

During the reporting period, with a view to maintaining its competitiveness as the region's leading industry player, while continuing its endeavour to push ahead its product in-series and standardisation research, the Company further looked into the possibility of housing industrialisation, stepped up its research efforts in low carbon residences and green residences, laying a strong foundation for the next phase of business expansion in the region.

During the reporting period, capitalizing on the rapid growth in the economy and the property market in Henan, the Company's results registered a remarkable growth over the same period last year.

(1) Development schedule

During the reporting period, the Group commenced development of 8 projects or phases, with newly commenced GFA of 517,864 sq.m..

Geographical breakdown of newly commenced projects in the first half of 2010

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	109,059
Other cities in Henan Province	408,805
Total	517,864

As at 30 June 2010, the Group had 28 projects/phases under development with a total GFA of approximately 1,523,506 sq.m., including 7 projects in Zhengzhou and 21 projects in other cities in Henan Province.

Geographical breakdown of projects under development as at 30 June 2010

Location	GFA under development *(sq.m.)*
Zhengzhou	416,102
Other cities in Henan Province	1,107,404
Total	1,523,506

In the first half of 2010, the Group had completed the development of 6 projects or phases. The total completed GFA was 264,358 sq.m., with saleable GFA of 247,852 sq.m.. The total GFA sold was 210,020 sq.m., with a pre-sale rate of 84.7%.

Completed projects in the first half of 2010

Project	Total GFA *(sq.m.)*	Saleable GFA *(sq.m.)*	Pre-sold/ sold GFA *(sq.m.)*
Forest Peninsula (Zhengzhou) Phase IV	37,941	25,760	20,648
Jianye Champagne Garden (High-rise)	19,053	19,053	4,803
One City (Luoyang) Phase I	47,700	47,607	45,418
Forest Peninsula (Luohe) Phase III first batch	46,712	46,712	33,919
Forest Peninsula (Zhumadian) Phase V first batch	38,684	38,684	38,500
Kaifeng Zhengkai Forest Peninsula Phase II	74,268	70,036	66,732
	264,358	247,852	210,020

(2) Sales schedule

During the reporting period, the Company sold/pre-sold 391,078 sq.m. with a sale/pre-sale value of RMB1,889 million, representing an increase of 41% over the same period last year.

Geographical breakdown of sale/pre-sale in the first half of 2010

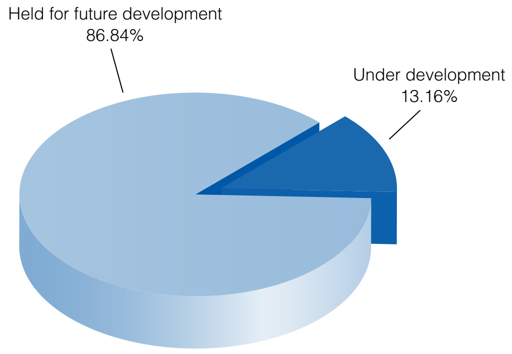
Location	**Approximate saleable areas sold** *(sq.m.)*	**Approximate total amount** *(RMB million)*
Zhengzhou	77,344	545
Other cities in Henan Province	313,734	1,344
Total	391,078	1,889

(3) Land Reserves

During the reporting period, the Company adopted flexible land acquisition tactics and acquired land through methods such as public bidding, equity acquisition and cooperations in order to accumulate quality land resources for the Company. As at 30 June 2010, the Company had land reserves with a GFA of 10.92 million sq.m., for which state-owned land use right certificates were obtained for 7.21 million sq.m..

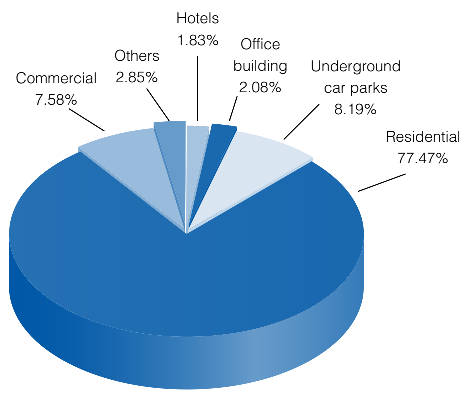
1. Distribution of the Company's land reserves by current development status

Fig: Percentage of GFA under development and GFA held for future development of the Company's land reserves (As at 30 June 2010)



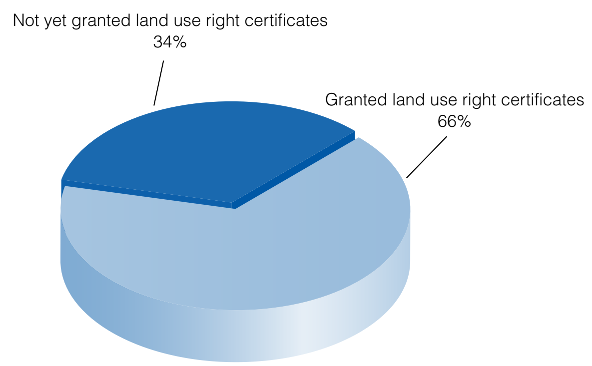
2. Distribution of the Company's land reserves by property type

Fig: Percentage of the Company's land reserves by property type (As at 30 June 2010)



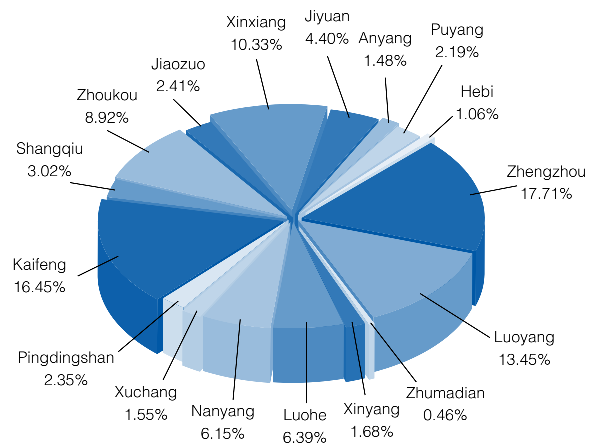
3. **Distribution of the Company's land reserves by land use right certificates**

Fig: Percentage of the Company's land reserves for which land use right certificates had been obtained and those had not been obtained (As at 30 June 2010)



4. **Distribution of the Company's land reserves by cities**

Fig: Percentage of the Company's land reserves (GFA) by city (As at 30 June 2010)



IV. PRODUCT RESEARCH AND DEVELOPMENT

The Company's product strategy is to "Offer new products in traditional markets and traditional products in new markets". Through persistent innovation and quality service, we offer innovative products to attract target customers in traditional markets. By means of rapid replication according to our "in-series and standardization" approach, we achieve high speed and low cost in new markets. At the beginning of the year, the Company increased the investment in research and development and expanded the research and development team dedicated to the research and development of in-series, standardized and industrialized green and low-carbon products.

(I) In-series

To date, the Group has established the "Jianye City", "Sweet-Scented Osmanthus", "Forest Peninsula", "One City" and "U-Town" product series. Through sophisticated promotion campaigns for in-series products, certain progress have been made across different management sessions ranging from product positioning, design management, construction management to cost management. As a result, the Group's product positioning has become more accurate, its design and construction periods shortened and cost control standardized and specified. All these ensure product quality and cost target of the Group are met and set the stage for subsequent industrialization.

(II) Standardization

Product standardization enabled the Company to make strategic purchase of components and parts and to unify its technology standard, thus producing the best products at minimal cost. Thus far, the Company has completed the research on standardization of components including doors and windows, escalators, balcony balustrades and switchboards. The research outcome has been applied and put into practice on tasks such as design and purchase.

(III) Commencement of full scale promotion of green and low-carbon products of the Company

Given the new challenges and development opportunities faced by the property industry in a low-carbon economy, the Company will strive to capture the vantage point in industry reform and development. As a leading company in the Henan property industry, we promote and develop low-carbon residences to reduce emission of greenhouse gases to the biosphere. We established a steering group to develop the green and low-carbon product series in January this year and completed the "CCRE Green Declaration" in April 2010. We will establish a unique green products injection system and give priority to suppliers with green concepts.

II. BUSINESS OUTLOOK

(I) Market Outlook

1. Macro-economy

In spite of a slight slowdown in China's economic growth in the second quarter of 2010, domestic consumption recorded a steady growth as a result of the implementation of China's industrial development planning and the continuous positive effect of the RMB4 trillion investment package. The Company expects that China's economy will maintain its steady growth momentum in the second half of 2010.

As the construction of 180 industry clusters such as Zhongyuan Electric Valley (中原電氣谷) will be accelerated and with the construction of the intra-city and intra-provincial high speed railways which kicked off as scheduled, the industrialization and urbanization of Henan Province will be further expedited. The Company expects the economy of Henan Province will continue to grow steadily in the second half of 2010.

2. Real estate market

There has been no sign of relaxation of the government's macro-control policies on the real estate market, and transaction volume and price of commodity properties in certain cities have declined. However, given that the real estate sector is regarded as one of the pillar industries driving China's economic growth, the Company expects that the PRC government's control measures over the real estate sector will take into consideration the nation's economic growth. Growth of the real estate industry may slow down, but an upward development is expected to continue in the long term.

As the real estate market in Henan Province started late, demand of properties for speculative investment is limited. As such, the macro-control measures which are specifically designed to curb investment and speculation demand in the real estate sector will not have significant impact on Henan. Further, the National Development and Reform Commission promulgated the "Plan for Promoting the Rise of Central China"(《促進中部地區崛起規劃》) and the construction of city clusters in central part of China commenced as scheduled, which brought a rare opportunity and a historic moment for Henan's property market. The Company expects that Henan's property market will continue its steady growth.

(II) Business Planning

In the second half of 2010, the Company will continue to provide high quality products and expand its development scale to meet the annual operation target as committed to the capital market.

(1) Progress of work

In the second half of 2010, the Group is expected to commence development of a total of 23 projects or phases, with a GFA of approximately 1,569,385 sq.m..

Geographical breakdown of commencement of development in the second half of 2010

Location	**Total GFA** *(sq.m.)*	**Percentage** *(%)*
Zhengzhou	178,200	11%
Other cities in Henan	1,391,185	89%
Total	1,569,385	100%

(2) Completion plan

The Group expects to complete 21 projects/phases with a GFA of 990,688 sq.m. in the second half of 2010.

Expected completion of construction in the second half of 2010

Project	**Total GFA** *(sq.m.)*
One City (Zhengzhou)	109,058
Jianye Maple Garden (Zhengzhou)	83,690
U-Town (Zhengzhou) Phase V first batch	40,901
U-Town (Zhengzhou) Phase VII	113,563
Zhengzhou Xiangsheng Garden	44,497
Forest Peninsula (Hebi) Phase I first batch	30,422
Forest Peninsula (Xinxiang Golden Dragon) Phase I second batch	10,662
Jianye City (Puyang) Phase IV	22,195
Forest Peninsula (Luohe) Phase III second batch	52,453
One City (Luohe) Phase I	69,412
Sweet-Scented Osmanthus Garden Phase IV	53,288
U-Town (Shangqiu) Phase I	41,703
Forest Peninsula (Zhoukou) Phase I	7,411
Forest Peninsula (Zhoukou) Phase II	29,524
Forest Peninsula (Zhumadian) Phase V second batch	50,761
Forest Peninsula (Xinyang) Phase III	39,191
One City (Jiyuan) Phase I	25,475
Huayang Square (Luoyang) Phase II	133,898
Jianye Dahong City Garden Phase II first batch	3,044
Kaifeng Zhengkai Forest Peninsula Phase VI first batch	11,983
Kaifeng Zhengkai Forest Peninsula Phase VII first batch	17,557
Total	990,688

III. FINANCIAL ANALYSIS

Profit for the period: Profit attributable to the equity shareholders of the Group increased by 145.5% to RMB246 million from RMB100 million for the same period last year, attributable mainly to the increase in turnover and GFA completed and sold for the period.

Turnover: The Group's turnover increased from RMB645 million to RMB1,480 million (including RMB1,453 million from sale of commodity properties, accounting for approximately 98.2%), or approximately 129.5% as compared with the same period of 2009. The increase was mainly due to an 104.6% increase in GFA completed and sold, from 166,358 sq.m. in the first half of 2009 to 340,336 sq.m. in the first half of 2010. The increase was mainly due to higher average selling price, from RMB3,787 per sq.m. in the first half of 2009 to RMB4,268 per sq.m. in the first half of 2010, increased by 12.7%.

Cost of sales: The Group's cost of sales increased from RMB395 million to RMB931 million, or 136.0%. The increase was primarily due to the increase in total GFA completed and sold.

Gross profit margin: Gross profit margin was 37.1%, a 1.7 percentage point decrease as compared with 38.8% for the same period of 2009, which was mainly due to higher average land and development costs in the first half of 2010.

Other revenue: Other revenue from operations fell by RMB15 million from RMB28 million to RMB13 million, attributable primarily to the decrease in interest income from bank deposits.

Other net income: Other net income decreased from RMB7 million to RMB4 million, which was primarily due to the decrease in a gain of RMB7 million from the disposal of a subsidiary. The decrease was partially offset by exchange gain of RMB4 million arising from loans denominated in foreign currencies.

Selling and marketing expenses: Selling expenses increased from RMB43 million to RMB60 million, an increase of RMB17 million, which was mainly due to an additional RMB7 million of sponsorship fee for football team as well as an increase in advertising and promotion expenses of RMB8 million for new projects.

General and administrative expenses: General and administrative expenses increased from RMB66 million to RMB78 million, an increase of 18.1%, mainly due to an increase in the number of staff as a result of an expansion of the Group's operations.

Other operating expenses: Other operating expenses increased from RMB8 million to RMB9 million, attributable to higher heat and hot water services due to higher prices of coal and oil.

Share of losses of associates: Amount represented the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited as operating expenses incurred by that company in its early stages before revenue was generated.

Finance costs: Finance costs increased from RMB25 million to RMB50 million, mainly due to a RMB58 million increase in gross borrowing costs as a result of higher borrowings for additional projects during the period under review and the issuance of convertible bonds in 2009, part of which was offset by an increase in capitalization of borrowing costs.

Changes in fair value of investment properties: The fair value of the Group's investment properties increased by approximately RMB0.3 million in the first half of 2010. Market values of the Group's investment properties basically remained stable.

Income tax: The Group's income tax increased by RMB70 million from RMB44 million to RMB114 million, or 160.0%. The effective tax rate remained stable at approximately 31%.

Financial resources and utilisation: As at 30 June 2010, the Group's cash and cash equivalents amounted to RMB2,050 million (31 December 2009: RMB2,365 million). During the reporting period, the Group distributed a dividend of RMB119 million in relation to profit attributable to the year ended 31 December 2009.

Pledge of assets: As at 30 June 2010, 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 RMB2,251 million to secure the Group's general bank credit facilities.

Financial guarantees: As at 30 June 2010, the Group provided guarantees of approximately RMB2,536 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 2010, the Group had contractual commitments in respect of properties development activities amounting to RMB1,934 million and the Group had authorised, but not yet contracted for, a further RMB11,024 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 RMB2,528 million as at 30 June 2010 (31 December 2009: RMB2,872 million). As at 30 June 2010, 97.3% and 2.7% of the Group's cash and bank deposits were denominated in Renminbi, and other currencies (mainly US dollars and HK dollars) respectively (31 December 2009: 89.1% and 10.9%).

Borrowings and charges on group assets

The Group had an aggregate borrowings as at 30 June 2010 of approximately RMB3,584 million of which approximately RMB1,533 million will be repayable within 1 year, approximately RMB1,299 million will be repayable after 1 year but within 2 years and approximately RMB752 million will be repayable after 2 years but within 5 years. As at 30 June 2010, 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 total equity. As at 30 June 2010, the gearing ratio was 42.4% (31 December 2009: 11.1%)

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.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2010, the total number of employees of the Group was 1,046 (31 December 2009: 950). 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 may have adverse impact on its business operation.

VI. DIRECTORS' AND EXECUTIVES' INTERESTS

As at 30 June 2010, 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) (the "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 (the "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	8,350,000 *(Note 3)*	0.42%
Mr. Wang Tianye	Interest in a controlled corporation	13,647,555 *(Note 2)*	0.68%
	Beneficial owner	4,500,000 *(Note 3)*	0.23%
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	3,500,000 *(Note 3)*	0.18%

Notes:

1. The 944,246,820 Shares were registered in the name and were beneficially owned by Joy Bright Investments Limited ("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 by virtue of the SFO.

2. The 13,647,555 Shares were registered in the name and were beneficially owned by Super Joy International Limited ("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 by virtue 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) and the Share Option Scheme (as defined below), the details of which are disclosed on pages 23 to 26 of this interim report.

VII. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2010, 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	47.2%
Mr. Wu Po Sum *(Note 2)*	Interest in a controlled corporation	944,246,820	47.2%
CapitaLand LF (Cayman) Holdings Co., Ltd. ("CapitaLand (Cayman)") *(Note 3)*	Beneficial owner	542,105,625	27.1%
CapitaLand China Holdings Pte Ltd ("CapitaLand China") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.1%
CapitaLand Residential Limited ("CapitaLand Residential") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.1%
CapitaLand Limited ("CapitaLand") *(Note 3)*	Interest in a controlled corporation	542,105,625	27.1%
Temasek Holdings (Private) Limited *(Note 3)*	Interest in a controlled corporation	542,105,625	27.1%
FV Green Alpha Two Limited *(Note 4)*	Beneficial owner	289,951,497	14.5%

(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 40.9% 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 all the Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

(4) On 5 August 2009, the Company entered into a subscription agreement with FV Green (the "Subscription Agreement") relating to the issue and subscription of the convertible bonds (the "Convertible Bonds") at an aggregate principal amount of HK$687 million which were issued in conjunction with the warrants (the "Warrants") entitling FV Green to subscribe for a maximum of 68,338,594 Shares. Based on the initial conversion price of HK$3.10 per Share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 221,612,903 Shares (the "Conversion Shares"). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 Shares (the "Warrant Shares") at the initial exercise price of HK$4.10 per Share. As at the date of this report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green.

VIII. PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2010, 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 Company has two share option schemes, namely 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. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to have a personal interest in the Company and to motivate the participants to optimise their performance and efficiency, and also to retain the participants whose contributions are important to the long-term growth and profitability of the Group.

The Board granted share options under the Pre-IPO Share Option Scheme to certain Directors, employees and consultants of the Group to subscribe for an aggregate of 32,000,000 Shares of HK$0.1 each of the Company. A consideration of HK$1.00 (or its equivalent in RMB or any other currency acceptable to the Company) was paid by each of the grantees for the grant of the share options. As at 30 June 2010, share options to subscribe for 29,450,000 Shares remained outstanding.

The Pre-IPO Share Option Scheme was terminated on the date immediately preceding the date of the Company's prospectus, that is, 25 May 2008. The share options granted but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO Share Option Scheme.

Movement of share options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2010 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 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010
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	15,700,000	–	–	600,000	15,100,000
			30,050,000	–	–	600,000	29,450,000

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. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus aligning their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

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 share options which entitle them to subscribe for Shares representing, when aggregated with any Shares subject to any other scheme(s) 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.

The total number of Shares issued or to be issued upon exercise of the share options granted and yet to be exercised under the Share Option Scheme or any other share option scheme(s) adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the share option is HK$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the share options must not exceed 1% of the total number of Shares in issue. Any further grant of share options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

Any grant of share options to a participant who is a Director, chief executives, or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the share options.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant.

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to a participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of a share option which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer; and (iii) the nominal value of a Share.

On 25 May 2010, the Company granted share options to certain eligible participants under the Share Option Scheme to subscribe for an aggregate of 20,000,000 ordinary shares of HK$0.10 each of the Company.

The Share Option Scheme will expire on 13 May 2018.

Movement of share options granted under the Share Option Scheme during the six months ended 30 June 2010 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 2010**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2010**
Directors							
Mr. Wu Po Sum	25 May 2010	HK$1.90	–	2,000,000	–	–	2,000,000
Mr. Wang Tianye	25 May 2010	HK$1.90	–	2,000,000	–	–	2,000,000
Ms. Yan Yingchun	25 May 2010	HK$1.90	–	2,000,000	–	–	2,000,000
			–	6,000,000	–	–	6,000,000
Senior management, other employees and consultants of the Group	25 May 2010	HK$1.90	–	14,000,000	–	–	14,000,000
			–	20,000,000	–	–	20,000,000

Note:

In relation to each grantee of the share options granted under the Share Option Scheme, no share option is exercisable within the first year from the date of grant, that is, 25 May 2010 (the "Date of Grant"), not more than 20% of the share options are exercisable within the second year from the Date of Grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the Date of Grant.

X. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to good corporate governance practices and procedures including a quality Board, sound internal control, transparency and accountability to its shareholders. It has fully complied with the Code on Corporate Governance Practices as stated in Appendix 14 to the Listing Rules throughout the period ended 30 June 2010.

XI. COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code for the period ended 30 June 2010.

XII. AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationships with external auditors, the Company's financial reporting, the internal control and risk management system, and there was no disagreement by the Audit Committee or the external auditors on the accounting policies adopted by the Company.

The Audit Committee comprises Mr. Cheung Shek Lun (the chairman of the Audit Committee) and Mr. Xin Luo Lin (appointed on 1 March 2010) who are independent non-executive Directors and Mr. Leow Juan Thong Jason who is a non-executive Director.

The Audit Committee has reviewed the consolidated financial statements of the Company for the period ended 30 June 2010 and considers that the Company has complied with all applicable accounting standards and requirements and made adequate disclosure.

XIII. REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Remuneration Committee comprises an executive Director, Mr. Wu Po Sum (the chairman of the Remuneration Committee) and two independent non-executive Directors, Mr. Cheung Shek Lun and Mr. Xin Luo Lin (appointed on 1 March 2010). The principal responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and member of senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

The Remuneration Committee has reviewed the compensation payable to all Directors and members of senior management in accordance with the contractual terms and considers that such compensation is fair and not excessive to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Non-executive Directors
Mr. Lim Ming Yan (alternate director: Mr. Lucas Ignatius Loh Jen Yuh)
Mr. Leow Juan Thong Jason
Mr. Hu Yongmin
Ms. Wallis Wu

Independent Non-executive Directors
Mr. Cheung Shek Lun
Mr. Xin Luo Lin (appointed on 1 March 2010)
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 7701B-7702A, 77th Floor
International Commence Centre
1 Austin Road West
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 2010 (UNAUDITED)

(Expressed in Renminbi)

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Turnover	3	**1,480,168**	644,845
Cost of sales		**(931,091)**	(394,523)
Gross profit		**549,077**	250,322
Other revenue	4	**13,105**	27,657
Other net income	4	**3,740**	7,385
Selling and marketing expenses		**(59,627)**	(42,508)
General and administrative expenses		**(78,277)**	(66,274)
Other operating expenses		**(8,758)**	(8,213)
Profit from operations		**419,260**	168,369
Share of losses of associates		**(1,313)**	(2,237)
Finance costs	5(a)	**(50,252)**	(25,351)
Profit before change in fair value of investment properties and income tax		**367,695**	140,781
Change in fair value of investment properties		**329**	1,416
Profit before taxation	5	**368,024**	142,197
Income tax	6	**(113,670)**	(43,720)
Profit for the period		**254,354**	98,477
Attributable to:			
Equity shareholders of the Company		**246,254**	100,308
Non-controlling interests		**8,100**	(1,831)
Profit for the period		**254,354**	98,477
Basic earnings per share *(RMB cents)*	8	**12.31**	5.02

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Profit for the period		**254,354**	98,477
Other comprehensive income for the period	7		
Exchange differences on translation of financial statements of overseas subsidiaries		**1,586**	1,833
Total comprehensive income for the period		**255,940**	100,310
Attributable to:			
Equity shareholders of the Company		**247,025**	102,141
Non-controlling interests		**8,915**	(1,831)
Total comprehensive income for the period		**255,940**	100,310

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

	Note	**At 30 June 2010 RMB'000**	At 31 December 2009 RMB'000
Non-current assets			
Property, plant and equipment	9	**300,622**	244,163
Investment properties	10	**267,300**	264,400
Interest in associates		**22,658**	19,471
Interest in joint ventures	11	**177,370**	—
Other financial assets		**15,800**	15,800
Deferred tax assets		**17,025**	19,294
		800,775	563,128
Current assets			
Properties for sale	12	**5,838,952**	5,247,446
Trade and other receivables	13	**803,181**	275,625
Deposits and prepayments	14	**1,241,259**	1,146,004
Prepaid tax		**98,895**	42,474
Restricted bank deposits	15	**477,879**	506,989
Cash and cash equivalents		**2,049,916**	2,364,987
		10,510,082	9,583,525

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

AT 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Current liabilities			
Bank loans	16(a)	**767,230**	982,154
Other loans	17(a)	**766,120**	95,640
Trade and other payables and accruals	18	**1,866,442**	2,040,030
Receipts in advance		**2,192,504**	1,770,122
Tax payable		**102,205**	157,141
		5,694,501	5,045,087
Net current assets		**4,815,581**	4,538,438
Total assets less current liabilities		**5,616,356**	5,101,566
Non-current liabilities			
Bank loans	16(a)	**1,187,208**	790,662
Other loans	17(a)	**308,870**	372,880
Convertible bonds	19	**555,017**	551,288
Deferred tax liabilities		**63,646**	67,043
		2,114,741	1,781,873
NET ASSETS		**3,501,615**	3,319,693

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

AT 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
CAPITAL AND RESERVES	21		
Share capital		**179,637**	179,637
Reserves		**3,074,648**	2,944,720
Total equity attributable to equity shareholders of the Company		**3,254,285**	3,124,357
Non-controlling interests		**247,330**	195,336
TOTAL EQUITY		**3,501,615**	3,319,693

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	**Share capital** *(Note 20(a))* *RMB'000*	**Share premium** *RMB'000*	**Statutory reserve fund** *RMB'000*	**Other capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Share-based compensation reserve** *(Note 20)* *RMB'000*	**Equity component of convertible bonds** *(Note 19)* *RMB'000*	**Warrant reserve** *(Note 19)* *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2010		179,637	1,076,820	322,814	913,502	(20,295)	14,947	43,166	11,906	581,860	3,124,357	195,336	3,319,693
Changes in equity for six months ended 30 June 2010													
Dividend declared and paid	21(b)(ii)	–	–	–	–	–	–	–	–	(118,777)	(118,777)	–	(118,777)
Appropriation to statutory reserve fund		–	–	34,099	–	–	–	–	–	(34,099)	–	–	–
Equity settled share-based payment		–	–	–	–	–	2,653	–	–	–	2,653	–	2,653
Acquisition of additional interest in a subsidiary		–	–	–	(973)	–	–	–	–	–	(973)	(4,322)	(5,295)
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	–	–	47,401	47,401
Total comprehensive income for the period		–	–	–	–	771	–	–	–	246,254	247,025	8,915	255,940
Balance at 30 June 2010		179,637	1,076,820	356,913	912,529	(19,524)	17,600	43,166	11,906	675,238	3,254,285	247,330	3,501,615

The notes on pages 38 to 64 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company									
		Share capital *(Note 20(a))*	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve *(Note 20)*	Retained profits	Total	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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											
Dividend declared and paid	21(b)(ii)	–	–	–	–	–	–	(193,834)	(193,834)	–	(193,834)
Appropriation to statutory reserve fund		–	–	22,827	–	–	–	(22,827)	–	–	–
Equity settled share-based payment		–	–	–	–	–	4,489	–	4,489	–	4,489
Acquisition of additional interest in a subsidiary		–	–	–	(5,000)	–	–	–	(5,000)	–	(5,000)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	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 38 to 64 form part of this interim report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Six Months Ended 30 June 2010 (Unaudited)

(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Cash used in operation	**(137,437)**	(103,476)
Income tax paid	**(226,155)**	(102,782)
Net cash used in operating activities	**(363,592)**	(206,258)
Net cash (used in)/generated from investing activities	**(509,044)**	46,863
Net cash generated from financing activities	**555,979**	634,835
Net (decrease)/increase in cash and cash equivalents	**(316,657)**	475,440
Cash and cash equivalents at 1 January	**2,364,987**	927,721
Effect of changes in foreign exchange rate	**1,586**	(256)
Cash and cash equivalents at 30 June	**2,049,916**	1,402,905

The notes on pages 38 to 64 form part of this interim report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PRESENTATION OF THE INTERIM FINANCIAL REPORT

This unaudited interim report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules"), 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 20 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

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 2009 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 HKFRSs.

2 SEGMENT REPORTING

Services from which reportable segments derive their revenue

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, *Operating segments*.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SEGMENT REPORTING *(CONTINUED)*

Turnover from major services

The Group's turnover from its major services are set out in note 3 to this interim financial report.

Geographic 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 RMB152,380,000 (2009: RMB93,979,000) which arose from the Group's largest customer.

3 TURNOVER

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

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Property sales	**1,452,715**	630,041
Property leasing	**10,122**	9,709
Construction	**17,331**	5,095
	1,480,168	644,845

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Other revenue		
Interest income	**11,761**	27,157
Government subsidies	**50**	500
Dividend income	**1,294**	—
	13,105	27,657

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Other net income		
Net gain/(loss) on disposals of property, plant and equipment	**9**	(89)
Gain on disposal of a subsidiary	**—**	7,474
Net exchange gain	**3,500**	—
Compensation from contractors	**231**	—
	3,740	7,385

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

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank loans	**51,341**	36,223
Interest on other loans	**27,989**	16,853
Interest on convertible bonds *(note 19)*	**26,719**	—
Interest on advances from customers	**3,021**	4,685
Other ancillary borrowing costs	**4,119**	3,627
	113,189	61,388
Less: Borrowing costs capitalised	**(69,162)**	(36,037)
	44,027	25,351
Net change in fair value of derivatives embedded to convertible bonds *(note 19)*	**6,225**	—
	50,252	25,351

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
(b) Other items:		
Depreciation and amortisation	**6,739**	5,275

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

(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**74,082**	36,901
PRC Land Appreciation Tax	**37,022**	12,592
Withholding tax	**3,694**	—
	114,798	49,493
Deferred tax		
Revaluation of properties	**(83)**	193
Other temporary differences	**(1,045)**	(5,966)
	(1,128)	(5,773)
	113,670	43,720

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

(ii) 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)

6 INCOME TAX *(CONTINUED)*

(iii) 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% (2009: 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% (2009: 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% (2009: 25%) on the estimated assessable profits for the period.

(iv) 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 on 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% (2009: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

(v) Withholding tax

Withholding taxes are levied on the Hong Kong companies in respect of dividend distributions arising from profits of PRC subsidiaries earned after 1 January 2008 and interest received by Hong Kong companies from PRC subsidiaries ranged from 5% to 12%.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

7 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	**1,586**	1,833

There is no tax effect relating to the above component of other comprehensive income.

8 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the profit attributable to equity holders of the Company of RMB246,254,000 (six months ended 30 June 2009: RMB100,308,000) and the weighted average of 2,000,000,000 shares (six months ended 30 June 2009: 2,000,000,000 shares) in issue during the interim period.

No diluted earnings per share is presented as the Company's share options, convertible bonds and warrants as at 30 June 2010 and the Company's share options as at 30 June 2009 do not give rise to any dilution to the earnings per share.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group's additions in property, plant and equipment amounted to RMB25,860,000 (six months ended 30 June 2009: RMB25,812,000). In addition, investories with carrying amount of RMB37,451,000 (six months ended 30 June 2009: Nil) were transferred to property, plant and equipment during the period. Items of property, plant and equipment with a net book value of RMB113,000 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: RMB609,000), resulting a gain on disposal of RMB9,000 (six months ended 30 June 2009: loss of RMB89,000).

10 INVESTMENT PROPERTIES

All investment properties and investment properties under development of the Group were revalued as at 30 June 2010 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. The completed investment properties are valued by reference to net income with allowance for reversionary income potential. For investment properties under development, their valuations are conducted by reference to the residual value approach taking into account comparable market transactions and any future construction costs required for the completion of the development.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

11 INTEREST IN JOINT VENTURES

Included in the interest in joint ventures was an amount of RMB167,370,000, being the Group's interest in a trust arrangement entered into between the Group and Bridge Trust Company Limited ("Bridge Trust") on 18 May 2010 ("the Trust"). Pursuant to the Strategic Cooperation Agreement, among others, (i) Bridge Trust has established the Trust with the trust capital of RMB669,387,000 in which RMB502,017,000 (502,017,000 units) are preferred units and RMB167,370,000 (167,370,000 units) are ordinary units; (ii) the Group has subscribed for the ordinary units of RMB167,370,000; and (iii) the Group has provided a guarantee of return of 7.5% per annum to the holders of the preferred units. As at 30 June 2010, the fair value of the financial guarantee does not have material impact to the Group's consolidated financial statements.

The Trust is managed by the Investment Committee. Based on the structure of the Investment Committee, neither Bridge Trust (which acts agent of the Preferred Unit Holders) nor the Group has controlling power over the Trust. In this regard, the Trust is jointly controlled by Bridge Trust and the Group and therefore, the Trust was recognised as joint venture in the consolidated financial statements as at 30 June 2010 and the Trust Capital was treated as interest in a joint venture.

All the trust capital held under the Trust was advanced to the Group as at 30 June 2010.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

12 PROPERTIES FOR SALE

	At 30 June 2010 ***RMB'000***	At 31 December 2009 *RMB'000*
Properties held for future development and under development for sale	**4,921,271**	4,104,937
Completed properties held for sale	**917,681**	1,142,509
	5,838,952	5,247,446

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2010 ***RMB'000***	At 31 December 2009 *RMB'000*
Bill receivables	**2,640**	290
Trade receivables	**164,035**	2,950
Other receivables	**532,236**	142,647
Amounts due from related companies	**81,789**	112,637
Gross amount due from a customer for contract work	**538**	—
Derivative financial instruments	**21,943**	17,101
	803,181	275,625

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

(Expressed in Renminbi Yuan unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes:

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Current or less than 1 month overdue	**161,654**	443
1 to less and 3 months overdue	**129**	130
3 to less than 6 months overdue	**451**	250
6 months to less than 1 year overdue	**360**	786
More than 1 year overdue	**1,441**	1,341
	164,035	2,950

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 owned 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 staffs of the Group are 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.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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 and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances, except for the mortgage loans receivables as set out in note 23.

14 DEPOSITS AND PREPAYMENTS

At 30 June 2010, the balance included deposits and prepayments for leasehold land of RMB993,183,000 (31 December 2009: RMB833,550,000).

15 RESTRICTED BANK DEPOSITS

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Guarantee deposits in respect of:		
— mortgage loan related to properties sale	**128,711**	181,985
— bills payable	**299,168**	265,004
— bank loans *(note 16(b))*	**50,000**	60,000
	477,879	506,989

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

(Expressed in Renminbi Yuan unless otherwise indicated)

16 BANK LOANS

(a) *At 30 June 2010, the bank loans were repayable as follows:*

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**767,230**	982,154
After 1 year but within 2 years	**1,142,208**	646,226
After 2 years but within 5 years	**45,000**	144,436
	1,187,208	790,662
	1,954,438	1,772,816

(b) *At 30 June 2010, the bank loans were secured as follows:*

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Secured	**1,887,047**	1,656,594
Unsecured	**67,391**	116,222
	1,954,438	1,772,816

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

(Expressed in Renminbi Yuan unless otherwise indicated)

16 BANK LOANS *(CONTINUED)*

(b) *At 30 June 2010, the bank loans were secured as follows: (continued)*

As 30 June 2010, assets of the Group secured against bank loans are analysed as follows:

	At 30 June 2010 **RMB'000**	At 31 December 2009 RMB'000
Properties for sale	**1,929,187**	1,852,163
Restricted bank deposit	**50,000**	60,000
	1,979,187	1,912,163

17 OTHER LOANS

(a) *At 30 June 2010, the other loans were repayable as follows:*

	At 30 June 2010 **RMB'000**	At 31 December 2009 RMB'000
Within 1 year	**766,120**	95,640
After 1 year but within 2 years	**156,870**	119,010
After 2 years but within 5 years	**152,000**	253,870
	308,870	372,880
	1,074,990	468,520

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

(Expressed in Renminbi Yuan unless otherwise indicated)

17 OTHER LOANS *(CONTINUED)*

(b) *At 30 June 2010, the other loans were secured as follows:*

	At 30 June 2010 **RMB'000**	At 31 December 2009 *RMB'000*
Secured	**347,480**	391,880
Unsecured	**727,510**	76,640
	1,074,990	468,520

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

	At 30 June 2010 **RMB'000**	At 31 December 2009 *RMB'000*
Properties for future development and under development for sale	**271,903**	250,439

Apart from the above, secured other loans with carrying amount of RMB25,000,000 (2009: RMB40,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB128,231,000 (31 December 2009: RMB141,262,000) at 30 June 2010.

(c) Included in other loans was an amount of RMB669,387,000 (31 December 2009: RMB Nil) advanced from the joint venture as described in note 11, which is unsecured, interest bearing at 6.3% per annum and repayable on 24 December 2010.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

18 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Bill payables	**299,168**	265,004
Trade payables	**670,170**	806,226
Other payables and accruals	**663,301**	688,491
Amounts due to related companies	**–**	32
Amounts due to non-controlling interests	**112,650**	158,437
Gross amount due to customers for contract works	**25,487**	36,380
Derivative financial instruments	**95,666**	85,460
	1,866,442	2,040,030

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

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Due within 1 month or on demand	**400,307**	698,230
Due after 1 year	**269,863**	107,996
	670,170	806,226

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

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 (the "convertible bonds") and 76,097,561 warrants (the "warrants"). The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment. Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments.

In addition to the above, the Company may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date, provided that the closing price of the shares of the Company for each of the thirty consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 130% of the conversion price of HK$3.1 per share. If the Company early redeems the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The holders of the convertible bonds can require the Company to early redeem all the convertible bonds at any time from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date. If the Company is required to early redeem the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The redemption call and redemption put options are separately accounted for at fair value at the initial recognition date and 30 June 2010 as derivative financial instruments and the value is remeasured at each balance sheet date.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CONVERTIBLE BONDS *(CONTINUED)*

The movements of different components of the convertible bonds/warrants are set out below:

	Liability component of the convertible bonds *RMB'000* *(a)*	Redemption call option *RMB'000* *(b)*	Redemption put option *RMB'000* *(c)*	Equity component of the convertible bonds *RMB'000* *(d)*	Warrant reserve *RMB'000* *(d)*	Total *RMB'000*
At 1 January 2010	551,288	(17,101)	85,460	43,166	11,906	674,719
Interest and transaction costs amortised	10,486	–	–	–	–	10,486
Change in fair value	–	(5,071)	11,296	–	–	6,225
Exchange difference	(6,757)	229	(1,090)	–	–	(7,618)
At 30 June 2010	555,017	(21,943)	95,666	43,166	11,906	683,812

(a) At 30 June 2010, the liability component of convertible bonds was repayable as follows:

	At 30 June 2010 ***RMB'000***	At 31 December 2009 *RMB'000*
After two years but within five years	**555,017**	551,288

(b) Redemption call option represents the fair value of the Company's option to early redeem all of the convertible bonds.

(c) Redemption put option represents the fair value of the options of the holders of the convertible bonds to early redeem all of the convertible bonds.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CONVERTIBLE BONDS *(CONTINUED)*

(d) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds and the redemption call and put options.

The fair value of the of the redemption call and put options at 30 June 2010 and 31 December 2009 were measured using valuation techniques in which all significant inputs are directly or indirectly based on observable market data. The fair value of the liability component of convertible bonds and the redemption call and put options were determined by an independent valuer, Savills Valuation and Professional Services Limited.

The assumptions applied in determining the fair value of the redemption call and put options at 30 June 2010 and 31 December 2009 using Binomial (Coz, Ross, Rubinstein) option pricing model are set out as follows:

	At 30 June 2010	At 31 December 2009
Share price *(HK$)*	**1.77**	2.22
Expected volatility	**66%**	62%
Expected dividends	**3.5%**	5%
Risk-free interest rate	**1.4%**	1.93%
Option life	**4.17 years**	4.67 years
Effective interest rate	**10%**	9%

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

(Expressed in Renminbi Yuan unless otherwise indicated)

20 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Pre-IPO share option scheme

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 with 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.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle three of the Company's directors and seven employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK$1.9 per share. The share option scheme was effective from 25 May 2010. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share option are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

20 EQUITY SETTLED SHARE-BASED TRANSACTION *(CONTINUED)*

(b) *Share options granted on 25 May 2010 (continued)*

The weighted average value per share option granted during the period estimated at the date of grant using binomial (Coz, Ross, Rubinstein) model was HK$0.8. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$0.8
Share price	HK$1.7
Exercise price	HK$1.9
Expected volatility	68%
Option life	1 year from different vesting periods
Expected dividends	3.9%
Risk-free interest rate	2.6%

(c) *The number and the weighted average exercise price of share options are as follows:*

	Exercise price *HK$*	**Number of options**
Outstanding at 1 January 2010	2.75	30,050,000
Granted during the period	1.90	20,000,000
Lapsed during the period	2.75	(600,000)
Outstanding at 30 June 2010	2.41	49,450,000
Exercisable at 30 June 2010	2.75	17,670,000

The options outstanding at 30 June 2010 had an weighted average exercise price of HK$2.41 (31 December 2009: HK$2.75) and a weighted average remaining contractual life of 2.1 years (31 December 2009: 1.7 years).

No options were exercised during the six months ended 30 June 2010 (2009: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The share capital at 30 June 2010 is as follows:

	30 June 2010		31 December 2009	
	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
Issued and fully paid:				
Ordinary shares of HK$0.1 each	**2,000,000**	**200,000**	2,000,000	200,000
RMB equivalent		**179,637**		179,637

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

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Dividend

(i) The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB Nil).

(ii) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$6.8 cents (equivalent to RMB5.94 cents) per ordinary share (2008: HK$11 cents (equivalent to RMB9.6917 cents per ordinary share))	**118,777**	193,834

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

(Expressed in Renminbi Yuan unless otherwise indicated)

22 COMMITMENTS

Capital commitments outstanding at 30 June 2010 not provided for in the financial statements are as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Authorised but not contracted for	**11,024,024**	6,690,626
Contracted but not provided for	**1,934,156**	1,758,903
	12,958,180	8,449,529

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

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

(Expressed in Renminbi Yuan unless otherwise indicated)

23 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 guaranteed 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 2010 is as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**2,535,723**	2,472,712

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 payments to the banks.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

24 MATERIAL RELATED PARTY TRANSACTIONS

During the period ended 30 June 2010, major related party transactions entered by the Group are as follows:

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Sales of properties	(a)	**–**	93,978
Rental expenses	(b)	**225**	201
Interest expenses	(c)	**5,461**	5,312

(a) During the period ended 30 June 2009, 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 2010 amounted to RMB81,789,000 (31 December 2009: RMB112,347,000). 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 expenses in relation to an advance from non-controlling interests of a subsidiary which is interest bearing at 12% per annum.

25 NON-ADJUSTING POST BALANCE SHEET EVENT

On 2 July 2010, the Group entered into a joint venture agreement with certain individual third parties, pursuant to which, the Group and these individual parties agreed to establish an entity with a registered capital of RMB1,200,000,000, in which the Group has 16.67% equity interest. The entity will be principally engaged in the property development and investment in Zheng Dong New District, Zhengzhou City, Henan Province.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING 1 JANUARY 2010

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 accounting period beginning 1 January 2010 and which have not been adopted in the 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 amendments, new standards and new interpretations would not have a significant impact on the Group's results of operations and financial position.