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

www.centralchina.com

2011 Interim Report

CONTENTS

Corporate Profile 2

Chairman's Statement 4

Management Discussion and Analysis 6

I. Operation Review 6

II. Business Outlook 15

III. Financial Analysis 19

IV. Liquidity, Financial and Capital Resources 21

V. Employees and Remuneration Policy 22

VI. Directors' and Executives' Interests 22

VII. Substantial Shareholders' Interests 24

VIII. Purchase, Sale or Redemption of Listing Securities 25

IX. Share Option Schemes 25

X. Compliance with the Code on Corporate Governance Practices 30

XI. Compliance with Model Code 30

XII. Audit Committee 30

XIII. Remuneration Committee 31

Corporate Information 32

Interim Financial Report 34

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 corporate philosophy of "Perseverance for Excellence" and its core value of "Taking Root in Central China, Contributing to Society" since its establishment, the Group is determined to integrate its mission with urban development. The Group aims to mark its presence in strategic markets and create new lifestyles for local communities, so as to improve the overall standards of urbanization in China. Owing to its broadminded corporate culture, "to be honest and responsible, to be on the right track and to do what is right" and its voluntary commitment to social responsibilities, CCRE Group has won the accolades of government authorities, professionals, peers, investors, customers as well as its staff in cities where it operates.

The Group is dedicated to its philosophy of "providing customers with zero-defect products and quality services". In addition, management applies scientific methods, standardisation, and professionalism to ensure the quality of the products and services. The Group as a market leader has focused on the middle and upper market segment in the region. The successful launches of "Forest Peninsula", "U-Town", "One City" "Jianye City", "Sweet-Scented Osmanthus Garden" and "Green Garden" series have further enhanced the living standards in Henan.

Since its establishment 19 years ago, the Group 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 Group has extended its presence into Henan's 18 prefecture-level cities and 6 county-level cities and completed an aggregate GFA of approximately 5.66 million sq.m.. Currently, annual GFA under development exceeds 3 million sq.m. with annual GFA sold of nearly 1.5 million sq.m.. As at 30 June 2011, the Group had 27 projects/phases under construction with approximately 2.57 million sq.m. GFA under development. It had land reserves of 13.55 million sq.m..

According to the 2011 China Top 500 Real Estate Enterprises Appraisal and Research Report (中國房地產開發企業500強測評研究報告) issued by China Real Estate Research Association (中國房地產研究會), China Real Estate Association (中國房地產業協會), and China Real Estate Appraisal Centre (中國房地產測評中心) on 23 March 2011, the Company ranked 33rd among China Top 500 Real Estate Developers and was honored as No.1 among China Top 10 Real Estate Enterprises in Regional Operation, taking the lead in the real estate industry of central China. In addition, the Company also ranked 34th (35th in 2010) among the 2011 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 jointly issued by Enterprise Research Institute of the Development Research Centre of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University and China Index Research Institute on 25 March. The Company was once again enlisted in the 2011 "Top 10 Prudent Real Estate Enterprises" for its sound operation and financial performance.

The Group has committed itself to contributing to the development of the industry and private investment, the prosperity of our country and the growth of our nation by emphasizing on its role of pioneering urbanization and social improvement in central China.

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 2011.

As the world's economy struggled to get out of the mire of the European debt crisis, China's economy yet maintained a steady and fast momentum in the first half of 2011, achieving a 9.6% year-on-year increase in its gross domestic product ("GDP"). In the domestic real estate industry, nearly 40 cities and over 600 cities promulgated purchase restrictions and pricing restrictions respectively under the impact of a series of macro-control policies. Facing severe pressure, a number of first-tier cities saw slower sales in various phases.

In the first half of 2011, Henan Province achieved a 11.7% GDP growth year-on-year and an economic upturn in all its prefecture-level cities. In the real estate industry, as opposed to first-tier cities where "housing price bubbles" were constantly suppressed, the property market in Henan headed steadily upward. Some prefecture-level cities even showed strong growth potential.

The Group was able to minimize the adverse impact arising from changes in the macro environment (within its geographical layout, only Zhengzhou promulgated purchase restrictions), mainly attributable to its dedication to the real estate development in the second- and third-tier cities as well as full awareness of the seasonality of the real estate industry. During the reporting period, the sales results of the Group recorded a remarkable increase over the same period last year. According to Top 30 Sales Ranking of China Real Estate Enterprises for the First Half of 2011, CCRE Group ranked 21st in terms of GFA sold (24th in 2010). Although the whole industry is in stagnation, the Group's sales in prefecture-level cities such as Nanyang, Hebi and Shangqiu increased remarkably and contributed significantly to the Group's performance, which again proved the success of the Group's provincial development strategy. In the first half of 2011, the Company completed the rights issue with net proceeds of HK$718 million which reflected the strong support and confidence from its shareholders. With the support from both domestic and offshore funding platforms and strong growth in operating capacity, the Group is competent to acquire land parcels at competitive prices as planned. The Group acquired additional land reserves with a GFA of 2.07 million sq.m. during the six months ended 30 June 2011. Thanks to nine years effort in problem solving and market participation in line with its provincial development strategy, the Group was able to draw strong synergy from its brand recognition and its experience as a product and service provider in strategic target markets, thus ensuring both the completion of the Group's operational targets and the stability of the Group's financial position.

In the first half of 2011, the construction of the economic zones in central China was officially incorporated into the national development strategy. As we enter into the new era of high-speed railways, central China has also become one of the most important strategic districts in China. These favorable scenarios reveal great potential for the Group's provincial strategy. During the reporting period, the Group focused on the prospect of development strategies and strengthening of its core competitiveness. The Group also organized the Partner Conference to tie up with and unify the strategies, culture, standards and plans with our partners. The ultimate aim was to reinforce support from partnership and safeguarded the provision of the Group's products and services.

Evidence shows that only real estate developers with their core value and sustainable growth could have a greater prospect of development. During the reporting period, the Group committed itself to service and resources integration and established an overall service in line with the demand for housing and other associated areas to provide tailored service value to customers. Drawing on our success in the implementation of the provincial strategy, the unique concept of an overall service of CCRE has been taking shape and enhancing the Group's core competitiveness.

In the second half of 2011, we expect that China's economy will still be exposed to enormous inflation risk, while tightening credit policy and the macro control over the real estate market will persist in the short run. Given the high rate of urbanization in China, however, we believe that the actual demand for real estate would continue to increase. Focusing on long term sustainable development, we will continue to rationalize current expansion for long-lasting development, and stable and practical operation for future growth. To fulfill our commitment, the Company will actively introduce innovative, effective and efficient management philosophies, accelerate the development cycle of projects, fine-tune development schedules and strive to achieve its targets for 2011.

ACKNOWLEDGEMENT

I hereby express my gratitude to all parties who have committed themselves to fulfilling the Company's goal for the past six months, especially to our shareholders and other investors for their support and faith in CCRE, without which our success would be impossible. In view of the tumultuous market scene and great uncertainties that loom ahead, I would like to thank all staff and customers of CCRE and all parties who express your concern on us, for it is your dedication and passion which strongly motivate and lead us to go forward. In concerted efforts, we will maintain the spirit of professionalism, excellence and perseverance, and continue to lead the industry with sustainable result and profit in central China.

Chairman
Wu Po Sum

26 August 2011

MANAGEMENT DISCUSSION & ANALYSIS

1. OPERATION REVIEW

(I) Review on the Market and the Group's Business

1. Macro-economy

In the first half of 2011, the world-wide economy was slowly recovering as it did in 2010 but instabilities and uncertainties remained. Facing the pressure of inflation, China still managed to maintain a steady and burgeoning economy. Meanwhile, China's GDP increased by 9.6% year on year to an aggregate of RMB20,446 billion.

In the first half of 2011, the construction of an economic zone in central China led Henan's GDP to increase by approximately 11.2% over the same period last year to RMB1,240 billion, which was 1.6 percentage points over the national growth rate.

2. Property market

In the first half of 2011, the Chinese government implemented various policy measures such as "purchase restrictions", "price restrictions" and "caps on credit" to cool down the real estate market. Under these circumstances, transaction volume of certain first-tier cities decreased and prices of commodity properties dropped year on year. However, on a national scale, underpinned by a strong underlying demand brought about by urbanization, China's property market still maintained a stable and rapid growth momentum in general.

Henan's property market is of great prominence to the Group's business development. Except for Zhengzhou which was subject to purchase restriction, other cities in the province remained immune to the impact of such policy. In the first half of 2011, Henan's property market still recorded a steady and rapid growth. Meanwhile, the GFA of the commodity properties sold increased by 20.1% year on year to 21.8 million sq.m., which was 7.2 percentage points above the national growth rate. Correspondingly, the revenue from the sales of commodity properties increased by 42% to RMB75.4 billion, which was 17.9 percentage points above the national growth rate.

(II) Project Development

In the first half of 2011, leveraging 19 years of track record in property development and having been managed by an outstanding management team under the theme of "innovative, effective and efficient management", the Group actively explored the applicable management model for prefecture-level markets, strengthened collaboration with suppliers and lifted its management standards, product research and development capabilities as well as service quality, thus laying solid foundation for a steady increase in scale and sustainable growth in profitability.

In the first half of 2011, the Group achieved records of newly commenced GFA of 1,380,230 sq.m. and completed GFA of 241,869 sq.m.. During the reporting period, the Group recorded contract sales/pre-sale area of 709,818 sq.m. and contract sales/pre-sales of RMB4.53 billion, representing a 140% growth when compared with the corresponding period in 2010. In addition, its market share in Henan reached 6%, representing a significant increase as compared with last year. Such increase in market share boosted the Group's market influence in Henan.

1. *Development schedule*

In the first half of 2011, the Group commenced construction of 18 projects or phases, with newly commenced GFA of 1,380,230 sq.m., representing a year-on-year increase of 167% over the same period last year.

Geographical breakdown of newly commenced projects during the first half of 2011

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	44,473
Other cities in Henan Province	1,335,757
Total	1,380,230

As at 30 June 2011, the Group had 27 projects under development, including 41 projects/phases, five of which were located in Zhengzhou and 22 projects in other cities of Henan. The total GFA of projects under development was approximately 2,568,854 sq.m..

Geographical breakdown of projects under development as at 30 June 2011

Location	GFA under development *(sq.m.)*
Zhengzhou	176,027
Other cities in Henan Province	2,392,827
Total	2,568,854

During the reporting period, the Group completed a total of four projects or phases of projects with total completed GFA of 241,869 sq.m., and saleable GFA of 206,736 sq.m.. As at 30 June 2011, the total contracted GFA pre-sold/sold reached 162,986 sq.m., representing a pre-sale/sale rate of 78.8%.

Projects	Total GFA completed *(sq.m.)*	Saleable GFA *(sq.m.)*	Pre-sold/ sold GFA *(sq.m.)*
One City (Zhengzhou) (鄭州壹號城邦)	109,059	103,453	65,038
U-Town (Zhengzhou) Phase VII	107,485	97,263	92,259
Forest Peninsula (Anyang) Villa	6,020	6,020	5,689
Shangjie Hotel	19,305	—	—
	241,869	206,736	162,986

2. *Sales schedule*

The contracted GFA sold/pre-sold by the Group in the first half of 2011 amounted to 709,818 sq.m. with a contracted sale/pre-sale value of RMB4.53 billion, representing an increase of 140% over the same period last year.

Geographical breakdown of contracted GFA sold/pre-sold during the first half of 2011

Location	**Approximate saleable GFA sold** *(sq.m.)*	**Approximate total amount** *(RMB million)*
Zhengzhou	120,873	1,702
Other cities in Henan Province	588,945	2,823
Total	709,818	4,525

(III) Land Reserves

In the first half of 2011, the Group acquired land reserves with a GFA of 2,070,000 sq.m. through public auction. As at 30 June 2011, the Group owned land reserves with a GFA of 13,550,000 sq.m., and obtained the state-owned land use right certificates in respect of 10,330,000 sq.m. of such land.

On 11 January 2011, Central China Real Estate (Luoyang) Company Limited (建業住宅集團洛陽置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of two parcels of land, namely No. TDJYX-2010-38 and No. TDJYX-2010-39, in a public auction held by Luoyang City Land and Resources Bureau (洛陽市國土資源局) for transfer of state-owned land use right. The purchase prices for the acquisition are RMB256.5 million and RMB137.7 million respectively. The two parcels of land, namely No. TDJYX-2010-38 and No. TDJYX-2010-39, have site area of 140,155.65 sq.m. and 34,644.65 sq.m. respectively, neither of which has a planned plot ratio of more than 3.0.

On 17 January 2011, Zhengzhou Central China Tianming Property Company Limited (鄭州建業天明置業有限公司), a 50% owned subsidiary of the Company, acquired the land use right of a parcel of land located at Yulinnan Road, Zhengdong New District (鄭東新區榆林南路) with a site area of 86,956.57 sq.m. in a public auction held by the Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition is RMB1,960 million and the planned plot ratio is not more than 3.5.

On 11 April 2011, Xiuwu Central China Real Estate Development Company Limited (修武建業房地產開發有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of two parcels of land, namely No. 2011-01 and No. 2011-02, in a public auction held by the Xiuwu Prefecture Land and Resources Bureau (修武縣國土資源局) for transfer of state-owned land use right. The purchase prices for the acquisition are RMB41.7 million and RMB17.4 million respectively. The two parcels of land, namely No. 2011-01 and No. 2011-02, have site area of 55,573 sq.m. and 23,249 sq.m. respectively, neither of which has a plot ratio of more than 2.5.

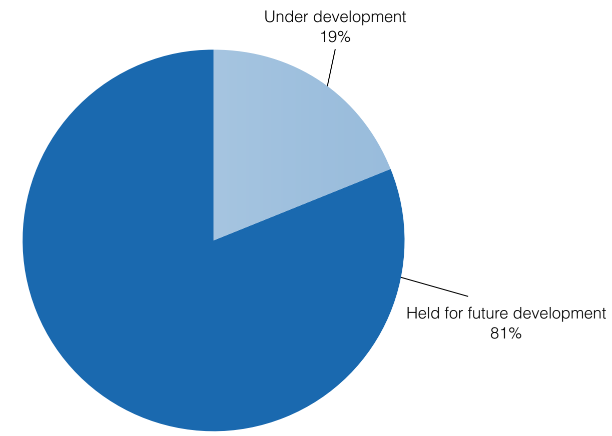
On 23 May 2011, Zhumadian Central China Property Company Limited (駐馬店建業置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of two parcels of land, namely Nos. ZMD-2010-43 and ZMD-2010-44 in a public auction held by the Zhumadian City Land and Resources Bureau (駐馬店市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisition are RMB94.1 million and RMB81.8 million respectively. The parcel of land No. ZMD-2010-43 has site area of 95,088.67 sq.m. with a planned plot ratio ranging from 2.8 to 5.5; and the other parcel of land No. ZMD-2010-44 has site area of 104,895.53 sq.m. with a planned plot ratio ranging from 1.8 to 3.5.

On 20 June 2011, Wugang Central China Real Estate Company Limited (舞鋼建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three parcels of land, namely Nos. Wuchu (2011)-2, Wuchu (2011)-3 and Wuchu (2011)-4, in a public auction held by the Wugang City Land and Resources Bureau (舞鋼市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisition are RMB30.8 million, RMB6.7 million and RMB2.7 million respectively. The parcel of land No. Wuchu (2011)-2 has site area of 20,484 sq.m. with a planned plot ratio of not more than 2.5; the parcel of land No. Wuchu (2011)-3 has site area of 8,928 sq.m. with a planned plot ratio of not more than 1.5; and the parcel of land No. Wuchu (2011)-4 has site area of 3,592 sq.m. with a planned plot ratio of not more than 1.5.

Distribution of land reserves

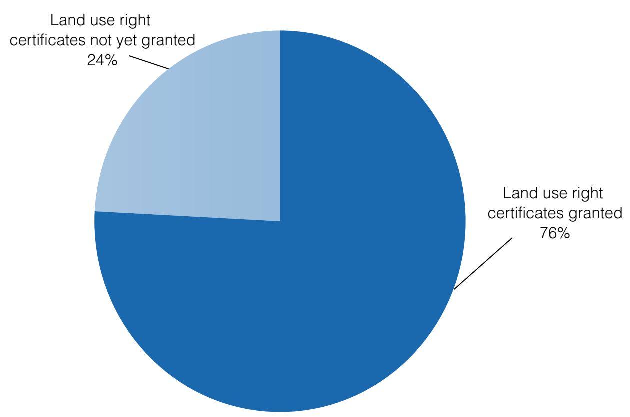
1. **Distribution of the Group's land reserves by current development status**

Fig: percentage of land under development and land held for future development to the Group's land reserves (As at 30 June 2011)



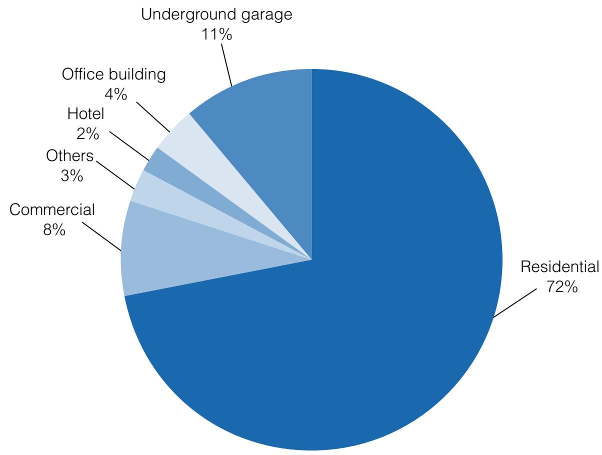
2. **Distribution of the Group's land reserves by land use right certificates**

Fig: percentage of the Group's land reserves for which land use right certificates had been granted and those had not been granted (As at 30 June 2011)



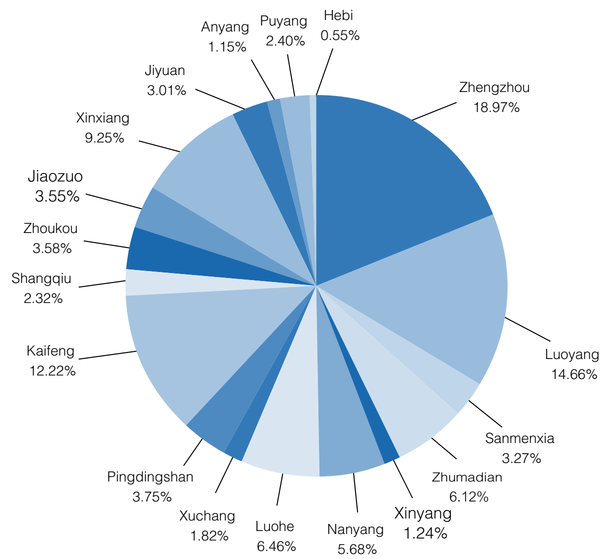
3. Distribution of the Group's land reserves by property type

**Fig: property types of the land reserves
(As at 30 June 2011)**



4. Distribution of the Group's land reserves by cities

**Fig: breakdown of the distribution of the
GFA of the Group's land reserves by cities
(As at 30 June 2011)**



(IV) Product Research and Development

Guided by the principle of "deriving efficiency from innovation and profitability from efficiency" and based on the Group's product strategy of "new products in traditional markets and traditional products in new markets", the Group endeavors to broaden and deepen its cooperation with design and strategy partners. Furthermore, the Group replicates the footprints of the traditional markets by fully leveraging the research results of the Group's product series and standardization initiatives, in order to achieve high liquidity and low costs.

Product series

Based on the existing product series of "Forest Peninsula", "U-Town" and "One City", the Group continues to create new product series. The Group has also set the standards for construction drawings for products and materials, which has not merely ensured product quality of the Group, but also served as a standard for cost control.

Standardization

The Group standardizes its products mainly by imposing standards on properties' peripheral components and specific projects and making corresponding amendments. Product standardization helps our peripheral components meet the technology standards, provides all-round technology support for concentrated procurement of the Group and consolidates the foundation for bulk procurement of materials and peripheral components of the Group.

Green construction

As a forerunner in the real estate industry of Henan, the Group has carried out a series of R&D projects in terms of technological housing, green housing and low-carbon community. In 2011, the Group began to utilize green construction products in project construction. With the green design and technology, the Group has advocated a low-carbon lifestyle in central China. By capturing the advantage in industry reform and development, it aims to promote mass construction of green properties in the future.

(V) Customer Services and Customer Relationships

The Group engaged Gallup, an independent third party, to conduct customer satisfactory investigation, with a view to improving corresponding management with reference to the strengths and weaknesses in corporate products and services identified in the investigation.

The Group continues to enhance cooperation with strategic alliance on property and education fronts, whilst vigorously integrating soccer, hotel and commercial service resources into the establishment of a unique overall service in the industry, which makes the service system strategy another focus of the Group following the provincial development strategy.

With a clear focus on the improvement of service quality and customer values, the Group introduces a customer value-led management hierarchy that satisfies differentiated customers' needs, and carries out a detailed and targeted customer caring program that creates a win-win scenario for both customers and the enterprise.

II. BUSINESS OUTLOOK

(I) Market Outlook

1. Macro-economy

In the second half of 2011, the Company expects that government's macro-economic measures will be focused on controlling inflation and maintaining economic growth. Taking into consideration of the uncertainties in the world's economy, China's central government will strike a balance between economic growth and inflation. It is expected that China's economy will maintain solid momentum with inflation under control.

The promulgation of policies in favor of the construction of the economic zone in central China, along with the construction of high-speed railways and inter-city railways, will further increase Henan's competitiveness in regional economic development. Therefore, the Company expects that the economic growth of Henan will continue to outperform the average economic growth in China in the second half of 2011.

2. Real Estate Market

In the first half of 2011, China's central government rolled out a series of tightening macroeconomic measures, imposing more pressure on China's property market. Since urbanization in China is growing rapidly, short term policy adjustments will not affect long term development momentum. Therefore, there is still great potential for property development market in China.

As macro control on the property market tightened, the purchase restrictions may be extended to third-tier cities. However, Henan's property market, mainly driven by end-user demand, will be less impacted by the macro-control policies. Moreover, the vast prefecture-level market of Henan is in its prime and beyond the scope of purchase restrictions. Thereby, we expect that the economy of Henan will maintain its steady momentum in property development.

(II) Business Planning

In the second half of 2011, the Group will further tap into regional markets and unswervingly fulfill its management targets for the year through innovation in cost management, expedition of the construction of overall service system and improvement of the land reserve mechanism, in a bid to achieving rapid, sustained and sound development.

1. *Progress of work*

It is expected that the Group will complete 29 phases/batches of projects with a GFA of 1,433,378 sq.m. in the second half of 2011.

Expected completion of construction in 2011

Project	Location	GFA *(sq.m.)*
Forest Peninsula (Shangjie) Phase II	East of Jinping Road, north of Xuchang Road and west of Xihua Road, Shangjie	38,401
Code International, Zhengzhou	East of Songshan Road and north of Mianfang Road, Zhengzhou	57,397
Luoyang Golf Club Phase II	South of Beiyuan, Longyang New District	113,675
Code One City (Luoyang) Phase II (first batch)	Intersection of Jiudu Road and Nanchang Road, Luoyang	64,614
Sweet-Scented Osmanthus (Pingdingshan) Phase I	West of Yuying Road and north of Longxiang Avenue, Pingdingshan	85,328
Wugang (Pingdingshan) Phase I	Southwest of Shandongtou Natural Village, Shimenguo Village, Wugang	56,300
Forest Peninsula (Anyang) Phase I	Northwest corner of the intersection of Shuguang Road and Wenchang Avenue, Anyang City	41,387
Forest Peninsula (Hebi) Phase I (high-rise)	South of Changjiang Road and west of Tianshan Road, Hebi City	16,394
Forest Peninsula (Hebi) Phase II	South of Changjiang Road and west of Tianshan Road, Hebi City	27,493
Forest Peninsula (Jiaozuo) Phase III (second and third batches)	East of Longyuan Lake, Jiaozuo	72,009
Jianye City (Puyang) Phase V	West of the north section of Jiefang Road, Puyang County	69,818
Forest Peninsula (Xuchang) Phase I	South of Xindong Street and east of Ziyun Road, Xuchang	51,294
U-Town (Shangqiu) Phase II	West of the south section of Shenhuo Avenue, Shangqiu	24,212

Project	Location	GFA (sq.m.)
U-Town (Shangqiu) Phase III	West of the south section of Shenhuo Avenue, Shangqiu	34,320
Forest Peninsula (Zhoukou) Phase II	West of Donghuan Road and north of Binhe Road, Zhoukou	72,577
Forest Peninsula (Zhoukou) Phase III (multi-storey)	West of Donghuan Road and north of Binhe Road, Zhoukou	13,168
Forest Peninsula (Nanyang) Phase I	North of State Highway 312	137,685
Forest Peninsula (Xinyang) Phase IV (medium- and high-rise) (信陽森林半島四期(小高層))	Nanwan Administrative Area, Xinyang City	13,349
South Lake No. 1, Xinyang (信陽南湖壹號)	Shangba Road, Nanwan Administrative Area, Xinyang City	55,870
Zhengkai Forest Peninsula Phase IV	Adjacent to Majiahe River, south of Zhengkai Avenue	17,155
Zhengkai Forest Peninsula Phase V	Adjacent to Majiahe River, south of Zhengkai Avenue	24,205
Zhengkai Forest Peninsula Phase VII	Adjacent to Majiahe River, south of Zhengkai Avenue	31,685
Kaifeng Water System 3-4#	Wanshan Street, Gulou District, Kaifeng City	19,113
Forest Peninsula (Xinxiang Golden Dragon) 3#5#	East of Xinfei Avenue and north of Nanerhuan Road, Xinxiang	21,805
U-Town (Xinxiang) Phase I	North of Xinchang and west of Zhenzhong Road, Xiaodian Town, Xinxiang	87,624
Business Yuzhou Shenhou Project (商業禹州神垕)	Yuzhou Town, Xuchang City	30,823
Landmark Hotel	South of Jinying Road and west of State Highway 107, Zhengzhou	65,436
Nanyang Holiday Hotel	North of State Highway 312	49,800
Luohe Fupeng Hotel	West of Songshan West Road, Luohe	40,441
Total		1,433,378

III. FINANCIAL ANALYSIS

Profit for the period: Profit attributable to the equity shareholders of the Group increased by 30.6% to RMB322 million from RMB246 million for the same period last year, mainly attributable to the increase in turnover for the period.

Turnover: The Group's turnover increased from RMB1,480 million to RMB2,529 million, representing an increase of approximately 70.9% as compared with the same period of 2010. The increase in turnover was mainly attributable to an increase in the average selling price of properties sold to customers of the Group from RMB4,268 per sq.m. to RMB8,646 per sq.m. in the corresponding period in 2010.

Gross profit margin: Gross profit margin was 45.6%, a 8.5 percentage point increase as compared with 37.1% for the same period of 2010, which was mainly due to higher average selling price of properties sold to customers of the Group in the first half of 2011.

Other revenue: Other revenue from operations increased by RMB16 million from RMB13 million to RMB29 million, primarily attributable to an increase in interest income.

Other net (loss)/income: Other net loss of RMB13 million for the period was primarily attributable to the unrealised mark-to-market loss incurred by trading securities, offset by the exchange gain arising from loans denominated in foreign currencies.

Selling and marketing expenses: Selling expenses increased from RMB60 million to RMB72 million, an increase of RMB12 million, which was in line with the expansion of new projects.

General and administrative expenses: General and administrative expenses increased from RMB78 million to RMB97 million, an increase of 23.6%, mainly due to expansion of the Group's operations.

Share of losses of associates: Amount mainly represented the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited.

Share of losses of jointly controlled entities: Amount represented share of losses of jointly controlled entities where expenses were incurred at their early stages of operations.

Finance costs: Finance costs increased from RMB50 million to RMB131 million, mainly due to higher interest rates and the issuance of senior notes in October 2010.

Income tax: Income tax includes corporate income tax ("CIT"), land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC entity. The Group's income tax increased significantly to RMB489 million from RMB114 million, representing an increase of RMB375 million. Effective tax rate increased from 30.9% to 59.6%, which is mainly due to a change in taxation computation method for CIT and LAT from the authorised taxation method to audited taxation method and the comparatively high appreciation rate of certain projects of the Group. Excluding LAT, the effective tax rate of the Group was 27.3% (30 June 2010: 20.8%)

Financial resources and utilisation: As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB3,540 million (31 December 2010: RMB3,370 million). During the reporting period, the Group distributed a dividend of RMB163 million (31 December 2010: RMB118 million) in relation to profit attributable to the year ended 31 December 2010.

Pledge of assets: As at 30 June 2011, the Group had pledged certain buildings, projects under construction, and properties for sales with an aggregate carrying amount of RMB2,464 million to secure the Group's credit facilities.

Financial guarantees: As at 30 June 2011, the Group provided guarantees of approximately RMB3,863 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 2011, the Group had contractual commitments in respect of properties development activities amounting to RMB1,641 million and the Group had authorised, but not yet contracted for, a further RMB16,584 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 RMB3,988 million as at 30 June 2011 (31 December 2010: RMB3,907 million). As at 30 June 2011, 84.3% and 15.7% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars and HK dollars) respectively.

Borrowings and charges on group assets

The Group had an aggregate borrowings as at 30 June 2011 of approximately RMB5,195 million of which approximately RMB2,157 million will be repayable within 1 year, approximately RMB1,045 million will be repayable after 1 year but within 2 years and approximately RMB1,993 million will be repayable after 2 years but within 5 years. As at 30 June 2011, 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) over total equity. As at 30 June 2011, the gearing ratio was 36.0% (31 December 2010: 43.6%)

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.

EQUITY FUNDING

The Group completed its capital raising through rights issue in June 2011. The basis of the rights issue was 21.4 rights shares for every 100 existing shares. A total of 428,000,000 rights shares were issued, raising net proceeds of approximately HK$718 million. The rights issue arrangement effectively enhanced the capital base of the Company and strengthened the financial position for the Group to future land acquisition and business development.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the total number of employees of the Group was 1,359 (31 December 2010: 1,218). 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 2011, 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	1,146,315,639 *(Note 1)*	47.21%
	Beneficial owner	8,560,420 *(Note 3)*	0.35%
Mr. Wang Tianye	Interest in a controlled corporation	16,568,131 (Note 2)	0.68%
	Beneficial owner	4,613,400 *(Note 3)*	0.19%
Mr. Lim Ming Yan	Beneficial owner	2,563,000 *(Note 3)*	0.11%
Mr. Leow Juan Thong Jason	Beneficial owner	1,537,800 *(Note 3)*	0.06%
Ms. Yan Yingchun	Beneficial owner	3,588,200 *(Note 3)*	0.15%

Notes:

1. The 1,146,315,639 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 1,146,315,639 Shares by virtue of the SFO.

2. The 16,568,131 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 16,568,131 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 25 to 29 of this interim report.

VII. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2011, 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	1,146,315,639	47.21%
Mr. Wu Po Sum (Note 2)	Interest in a controlled corporation	1,146,315,639	47.21%
CapitaLand LF (Cayman) Holdings Co., Ltd. ("CapitaLand (Cayman)") *(Note 3)*	Beneficial owner	658,116,228	27.11%
CapitaLand China Holdings Pte Ltd ("CapitaLand China") *(Note 3)*	Interest in a controlled corporation	658,116,228	27.11%
CapitaLand Residential Limited ("CapitaLand Residential") *(Note 3)*	Interest in a controlled corporation	658,116,228	27.11%
CapitaLand Limited ("CapitaLand") *(Note 3)*	Interest in a controlled corporation	658,116,228	27.11%
Temasek Holdings (Private) Limited *(Note 3)*	Interest in a controlled corporation	658,116,228	27.11%
FV Green Alpha Two Limited ("FV Green") *(Note 4)*	Beneficial owner	298,566,476	12.30%

Notes:

(1) The percentage shareholdings are based on a total of 2,428,000,000 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 1,146,315,639 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. On 28 June 2011, the Company completed the rights issue pursuant to which 428,000,000 right shares were allotted and issued. Hence the conversion price of the Convertible Bonds and the Warrants were adjusted to HK$2.984 per Share (31 December 2010: HK$3.1 per Share) and HK$3.947 per Share (31 December 2010: HK$4.10 per Share) which were made in accordance with the terms of the Convertible Bonds and the Warrants respectively. Based on the conversion price of HK$2.984 per Share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 230,227,882 Shares (the "Conversion Shares"). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 Shares (the "Warrant Shares") at the exercise price of HK$3.947 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 2011, 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

On 14 May 2008, the Company conditionally granted 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 initial exercise price was HK$2.75 per share and was adjusted to HK$2.682 per share on 28 June 2011 as a result of and following the rights issue conducted by the Company. The Pre-IPO Share Option Scheme was effective from the listing date of the Company's shares on The Stock Exchange Hong Kong Limited (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 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.

As at 30 June 2011, share options to subscribe for 28,859,380 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 2011 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 2011	Adjustment upon rights issue	Granted during the period	Exercised during the period	Lapsed/ forfeited during the period	Outstanding as at 30 June 2011
Directors								
Mr. Wu Po Sum	14 May 2008	HK$2.682	6,350,000	160,020	–	–	–	6,510,020
Mr. Lim Ming Yan	14 May 2008	HK$2.682	2,500,000	63,000	–	–	–	2,563,000
Mr. Wang Tianye	14 May 2008	HK$2.682	2,500,000	63,000	–	–	–	2,563,000
Mr. Leow Juan Thong Jason	14 May 2008	HK$2.682	1,500,000	37,800	–	–	–	1,537,800
Ms. Yan Yingchun	14 May 2008	HK$2.682	1,500,000	37,800	–	–	–	1,537,800
			14,350,000	361,620	–	–	–	14,711,620
Senior management, other employees and consultants of the Group	14 May 2008	HK$2.682	15,100,000	347,760	–	–	1,300,000	14,147,760
			29,450,000	709,380	–	–	1,300,000	28,859,380

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.

On 28 June 2011, the Company completed the rights issue pursuant to which 428,000,000 rights shares were allotted and issued. Hence, the exercise price and the number of share options under the Pre-IPO Share Option Scheme were adjusted in accordance with the terms of the Pre-IPO Share Option Scheme and the supplemental guidance (the "Supplemental Guidance") issue by the Stock Exchange on 5 September 2005.

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. As at 30 June 2011, share options to subscribe for 20,504,000 Shares remained outstanding.

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.

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 2011 was as follows:

Name or category of participants	Date of grant	Exercise price per Share	Number of Shares subject to share options: As at 1 January 2010	Adjustment upon rights issue	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$1.853	2,000,000	50,400	–	–	–	2,050,400
Mr. Wang Tianye	25 May 2010	HK$1.853	2,000,000	50,400	–	–	–	2,050,400
Ms. Yan Yingchun	25 May 2010	HK$1.853	2,000,000	50,400	–	–	–	2,050,400
			6,000,000	151,200	–	–	–	6,151,200
Senior management, other employees and consultants of the Group	25 May 2010	HK$1.853	14,000,000	352,800	–	–	–	14,352,800
			20,000,000	504,000	–	–	–	20,504,000

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.

On 28 June 2011, the Company completed the rights issue pursuant to which 428,000,000 rights shares were allotted and issue. Hence, the exercise price and the number of share options under the Share Option Scheme were adjusted in accordance with Rule 17.03(13) of the Listing Rules, the Supplemental Guidance and the terms of the Share Option Scheme.

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 six months ended 30 June 2011.

XI. COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code during the six months ended 30 June 2011.

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 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 six months ended 30 June 2011 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. 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
Mr. Wang Shi

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chu Wai Ming Benson

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

INVESTOR AND MEDIA RELATIONS ADVISOR
iPR Ogilvy Limited

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2011 (unaudited)
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Turnover	4	**2,529,121**	1,480,168
Cost of sales		**(1,374,739)**	(931,091)
Gross profit		**1,154,382**	549,077
Other revenue	5	**29,491**	13,105
Other net (loss)/income	5	**(13,006)**	3,740
Selling and marketing expenses		**(71,744)**	(59,627)
General and administrative expenses		**(96,714)**	(78,277)
Other operating expenses		**(9,719)**	(8,758)
Profit from operations		**992,690**	419,260
Share of losses of associates		**(1,535)**	(1,313)
Share of losses of jointly controlled entities		**(40,194)**	—
Finance costs	6(a)	**(131,136)**	(50,252)
Profit before change in fair value of investment properties and income tax		**819,825**	367,695
Increase in fair value of investment properties		**1,380**	329
Profit before taxation	6	**821,205**	368,024
Income tax	7	**(489,163)**	(113,670)
Profit for the period		**332,042**	254,354
Attributable to:			
Equity shareholders of the Company		**321,696**	246,254
Non-controlling interests		**10,346**	8,100
Profit for the period		**332,042**	254,354
Basic earnings per share *(RMB cents)*	9	**15.64**	12.01

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011 (unaudited)
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Profit for the period		**332,042**	254,354
Other comprehensive income for the period	8		
Exchange differences on translation of financial statements of overseas subsidiaries		**26,494**	1,586
Total comprehensive income for the period		**358,536**	255,940
Attributable to:			
Equity shareholders of the Company		**348,818**	247,025
Non-controlling interests		**9,718**	8,915
Total comprehensive income for the period		**358,536**	255,940

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2011 (unaudited)

(Expressed in Renminbi)

	Note	**At 30 June 2011** *RMB'000*	At 31 December 2010 *RMB'000*
Non-current assets			
Property, plant and equipment	10	**678,942**	513,268
Investment properties	11	**278,280**	276,900
Interests in associates		**39,301**	40,837
Interests in jointly controlled entities	12	**2,597,232**	2,742,160
Other financial assets		**86,800**	71,800
Deferred tax assets		**60,001**	18,260
		3,740,556	3,663,225
Current assets			
Trading securities		**129,485**	163,461
Properties for sale	13	**7,104,046**	6,334,705
Trade and other receivables	14	**426,869**	328,064
Deposits and prepayments	15	**3,381,997**	956,533
Prepaid tax		**202,478**	80,468
Restricted bank deposits	16	**448,311**	536,376
Cash and cash equivalents		**3,539,647**	3,370,335
		15,232,833	11,769,942
Current liabilities			
Bank loans	17	**1,562,211**	1,423,859
Other loans	18	**594,470**	168,010
Trade and other payables and accruals	19	**4,890,978**	2,828,509
Receipts in advance		**3,670,729**	3,453,939
Tax payable		**551,258**	311,806
		11,269,646	8,186,123
Net current assets		**3,963,187**	3,583,819

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

at 30 June 2011 (unaudited)
(Expressed in Renminbi)

	Note	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
Total assets less current liabilities		**7,703,743**	7,247,044
Non-current liabilities			
Bank loans	17	**461,000**	492,416
Other loans	18	**132,700**	449,870
Convertible bonds	20	**551,696**	552,209
Senior notes	21	**1,892,548**	1,928,806
Deferred tax liabilities		**65,529**	52,059
		3,103,473	3,475,360
NET ASSETS		**4,600,270**	3,771,684
CAPITAL AND RESERVES	23		
Share capital		**215,185**	179,637
Reserves		**4,044,803**	3,316,181
Total equity attributable to equity shareholders of the Company		**4,259,988**	3,495,818
Non-controlling interests		**340,282**	275,866
TOTAL EQUITY		**4,600,270**	3,771,684

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011 (unaudited)

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve (Note 22)	Equity component of convertible bonds (Note 20)	Warrant reserve (Note 20)	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2011		179,637	1,076,820	470,517	824,020	6,571	22,090	43,166	11,906	861,091	3,495,818	275,866	3,771,684
Changes in equity for the six months ended 30 June 2011													
Profit for the period		–	–	–	–	–	–	–	–	321,696	321,696	10,346	332,042
Other comprehensive income	8	–	–	–	–	27,122	–	–	–	–	27,122	(628)	26,494
Total comprehensive income		–	–	–	–	27,122	–	–	–	321,696	348,818	9,718	358,536
Issue of new shares upon rights issue	23(a)	35,548	560,939	–	–	–	–	–	–	–	596,487	–	596,487
Dividends declared and paid	23(b)(ii)	–	–	–	–	–	–	–	–	(162,615)	(162,615)	–	(162,615)
Appropriation to statutory reserve fund		–	–	62,804	–	–	–	–	–	(62,804)	–	–	–
Equity settled share-based payment		–	–	–	–	–	3,278	–	–	–	3,278	–	3,278
Acquisition of additional interest in a subsidiary		–	–	–	(21,798)	–	–	–	–	–	(21,798)	(202)	(22,000)
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	–	–	–	54,900	54,900
Balance at 30 June 2011		215,185	1,637,759	533,321	802,222	33,693	25,368	43,166	11,906	957,368	4,259,988	340,282	4,600,270

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

for the six months ended 30 June 2011 (unaudited)

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve *(Note 22)*	Equity component of convertible bonds *(Note 20)*	Warrant 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*	*RMB'000*	*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 the six months ended 30 June 2010													
Profit for the period		–	–	–	–	–	–	–	–	246,254	246,254	8,100	254,354
Other comprehensive income	8	–	–	–	–	771	–	–	–	–	771	815	1,586
Total comprehensive income		–	–	–	–	771	–	–	–	246,254	247,025	8,915	255,940
Dividends declared and paid	23(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
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 accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2011 (unaudited)
(Expressed in Renminbi)

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Cash generated from/(used in) operation	**725,036**	(137,437)
Income tax paid	**(399,992)**	(226,155)
Net cash generated from/(used in) operating activities	**325,044**	(363,592)
Net cash used in investing activities	**(584,829)**	(509,044)
Net cash generated from financing activities	**446,289**	555,979
Net increase/(decrease) in cash and cash equivalents	**186,504**	(316,657)
Cash and cash equivalents at 1 January	**3,370,335**	2,364,987
Effect of changes in foreign exchange rate	**(17,192)**	1,586
Cash and cash equivalents at 30 June	**3,539,647**	2,049,916

The accompanying notes form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This 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 26 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 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 2010 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.

The interim financial report is unaudited, but has 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 pages 67 to 68.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 March 2011.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION *(CONTINUED)*

The comparatives of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement in respect of the six months ended 30 June 2010 and the related notes disclosed in this interim financial report were derived from the Group's interim financial report for the six months ended 30 June 2010 which have not been audited nor reviewed.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one 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:

— HKAS 24 (revised 2009), Related party disclosures

— Improvements to HKFRSs (2010)

— HK(IFRIC) 19, Extinguishing financial liabilities with equity instruments

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING

(a) 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.

(b) Turnover from major services

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

(c) 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.

(d) Information about major customers

The Group does not have a single customer with whom transactions have exceeded 10% of the Group's turnover for the six months ended 30 June 2011. The turnover from the largest customer of the Group for the six months ended 30 June 2010 amounted to RMB152,380,000.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

4 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	
	2011	2010
	RMB'000	*RMB'000*
Income from sales of properties	**2,511,611**	1,452,715
Rental income	**10,289**	10,122
Revenue from construction contracts	**7,221**	17,331
	2,529,121	1,480,168

5 OTHER REVENUE AND NET (LOSS)/INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Other revenue		
Interest income	**28,403**	11,761
Dividend income from equity securities	**1,078**	1,294
Government grants	**10**	50
	29,491	13,105
Other net (loss)/income		
Net exchange gain	**17,664**	3,500
Net unrealised loss on trading securities	**(30,863)**	—
Net gain on disposals of property, plant and equipment	**4**	9
Compensation from contractors	**189**	231
	(13,006)	3,740

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

(Expressed in Renminbi Yuan unless otherwise indicated)

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**66,078**	51,341
Interest on other loans	**33,479**	27,989
Interest on convertible bonds	**26,765**	26,719
Interest on senior notes	**123,290**	–
Interest on advances from customers	**–**	3,021
Other ancillary borrowing costs	**3,239**	4,119
	252,851	113,189
Less: Borrowing costs capitalised	**(137,600)**	(69,162)
	115,251	44,027
Net change in fair value of derivatives embedded to convertible bonds	**14,613**	6,225
Net change in fair value of derivatives embedded to senior notes	**1,272**	–
	131,136	50,252
(b) Other item		
Depreciation and amortisation	**10,024**	6,739

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

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**250,154**	74,082
PRC Land Appreciation Tax	**264,687**	37,022
Withholding tax	**2,593**	3,694
	517,434	114,798
Deferred tax		
Revaluation of properties	**179**	(83)
Other temporary differences	**(28,450)**	(1,045)
	(28,271)	(1,128)
	489,163	113,670

(a) Pursuant to the rules 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.

PRC subsidiaries of the Group were charged CIT at a rate of 25% (six months ended 30 June 2010: 25%) on the estimated assessable profits for the period.

For the six months ended 30 June 2010, certain subsidiaries of the Group were subject to CIT calculated based on the deemed profit which represented 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% on the deemed profit. None of the PRC subsidiaries of the Group were subject to authorised taxation method on CIT for the current 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 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 4.5% (six months ended 30 June 2010: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

(e) 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)

8 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	**26,494**	1,586

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

9 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of RMB321,696,000 (six months ended 30 June 2010: RMB246,254,000) and the weighted average of 2,056,659,000 shares (six months ended 30 June 2010: 2,050,400,000 shares after adjusting for the rights issue during the period ended 30 June 2011) in issue during the interim period.

The Company's share options, convertible bonds and warrants as at 30 June 2011 and 2010 did not give rise to any dilution effect to the earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group's additions in property, plant and equipment amounted to RMB175,820,000 (six months ended 30 June 2010: RMB25,860,000). Items of property, plant and equipment with a net book value of RMB122,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB113,000), resulting a gain on disposal of RMB4,000 (six months ended 30 June 2010: RMB9,000). No properties for sales were transferred to property, plant and equipment during the period (six months ended 30 June 2010: RMB37,451,000).

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

(Expressed in Renminbi Yuan unless otherwise indicated)

11 INVESTMENT PROPERTIES

All investment properties of the Group were revalued as at 30 June 2011 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 investment properties are valued by reference to net income with allowance for reversionary income potential.

12 INTEREST IN JOINTLY CONTROLLED ENTITIES

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Share of net assets	**1,458,810**	1,180,604
Amounts due from jointly controlled entities	**1,138,422**	1,561,556
	2,597,232	2,742,160

Amounts due from jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment but are not expected to be settled within one year.

During the period, the Group has entered into a new trust arrangement with Bridge Trust Company Limited ("Bridge Trust"), under which Bridge Trust established the Bridge Trust-CCRE Group Real Estate Trust Investment Fund II ("Bridge-CCRE Trust II") with the trust capital of RMB1,077,600,000, of which RMB808,200,000 are preferred units and RMB269,400,000 are ordinary units. The Group subscribed all the ordinary units and provided a guarantee return of 8.5% per annum to the holders of the preferred units.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

12 INTEREST IN JOINTLY CONTROLLED ENTITIES *(CONTINUED)*

Bridge-CCRE Trust II is managed by the Investment Committee. The directors are of the opinion that based on the structure of the Investment Committee, neither Bridge Trust (as an agent of holders of the preferred units) nor the Group has controlling power over Bridge-CCRE Trust II. In this regard, the directors consider that the Bridge-CCRE Trust II is jointly controlled by Bridge Trust and the Group and the ordinary units subscribed by the Group is treated as interest in jointly controlled entities.

At 30 June 2011, Bridge-CCRE Trust II advanced RMB400,000,000 to the Group which is unsecured, interest-free with no fixed terms of repayment and included in amounts due to jointly controlled entities under "Trade and other payables and accruals". In addition, at 30 June 2011, the Group borrowed a loan of RMB177,600,000 from Bridge-CCRE Trust II. The loan is unsecured, interest-bearing at 7.13% per annum, due on 9 November 2011 and recorded as "Other loans" in the interim financial report.

13 PROPERTIES FOR SALE

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Properties held for future development and under development for sale	**6,065,505**	5,277,502
Completed properties held for sale	**1,038,541**	1,057,203
	7,104,046	6,334,705

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

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES

	At 30 June 2011 ***RMB'000***	At 31 December 2010 *RMB'000*
Bill receivables	**400**	100
Trade receivables *(note (a))*	**37,839**	40,737
Other receivables *(note (b))*	**195,181**	203,260
Amounts due from related companies	**42,889**	43,126
Amounts due from non-controlling interests	**30,000**	—
Amount due from a jointly controlled entity *(note (c))*	**90,000**	—
Gross amounts due from customers for contract work	**2,675**	3,939
Derivative financial instruments	**27,885**	36,902
	426,869	328,064

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

	At 30 June 2011 ***RMB'000***	At 31 December 2010 *RMB'000*
Current or less than 1 month overdue	**10,624**	38,417
1 to less than 3 months overdue	**250**	156
3 to less than 6 months overdue	**24,174**	250
6 months to less than 1 year overdue	**2,791**	522
More than 1 year overdue	**—**	1,392
	37,839	40,737

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

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

In respect of trade receivables of mortgage sales, no credit terms are granted to the purchasers. The Group normally arranges bank financing for purchasers of its properties up to 70% of the total purchase price of the properties and provides guarantee to secure repayment obligations of such purchasers. The Group's guarantee period commences from the date of grant of relevant mortgage loans and ends after the purchasers obtain the individual property ownership certificates of the properties purchased.

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 property ownership certificates for these purchasers until full payments 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 the end of each reporting period 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. The Group does not hold any collateral over these balances, except for the mortgage loans receivables as set out in note 25.

(b) At 30 June 2011, included in other receivables are amounts of RMB50,000,000 (31 December 2010: Nil) which are unsecured, interest bearing at 12% to 13% per annum and recoverable within one year.

(c) At 30 June 2011, the amount due from a jointly controlled entity is unsecured, interest bearing at 5.56% per annum and recoverable within one year.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

15 DEPOSITS AND PREPAYMENTS

At 30 June 2011, the balance included deposits and prepayments for leasehold land of RMB3,097,493,000 (31 December 2010: RMB774,093,000).

16 RESTRICTED BANK DEPOSITS

	At 30 June 2011 **RMB'000**	At 31 December 2010 *RMB'000*
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**151,151**	163,146
— bills payable	**297,160**	373,230
	448,311	536,376

17 BANK LOANS

(a) At 30 June 2011, bank loans were repayable as follows:

	At 30 June 2011 **RMB'000**	At 31 December 2010 *RMB'000*
Within 1 year or on demand	**1,562,211**	1,423,859
After 1 year but within 2 years	**361,000**	324,416
After 2 years but within 5 years	**100,000**	168,000
	461,000	492,416
	2,023,211	1,916,275

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

(Expressed in Renminbi Yuan unless otherwise indicated)

17 BANK LOANS *(CONTINUED)*

(b) At 30 June 2011, bank loans were secured as follows:

	At 30 June 2011 **RMB'000**	At 31 December 2010 *RMB'000*
Secured	**1,372,580**	1,176,640
Unsecured	**650,631**	739,635
	2,023,211	1,916,275

At 30 June 2011, properties for sales of the Group with carrying amount of RMB2,115,261,000 (31 December 2010: RMB1,916,744,000) were secured against bank loans of the Group.

(c) Certain term loan agreements of the Group contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. At 30 June 2011, the non-current portion of term loans from banks repayable on demand amounted to RMB295,681,000 (31 December 2010: RMB152,672,000) was classified as current liabilities of the Group.

In addition, certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain financial ratios of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

At 30 June 2011, none of the covenants relating to drawn down facilities had been breached (31 December 2010: RMB Nil).

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

(Expressed in Renminbi Yuan unless otherwise indicated)

18 OTHER LOANS

(a) At 30 June 2011, other loans were repayable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year	594,470	168,010
After 1 year but within 2 years	132,700	297,870
After 2 years but within 5 years	–	152,000
	132,700	449,870
	727,170	617,880

(b) At 30 June 2011, other loans were secured as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Secured	329,570	357,880
Unsecured	397,600	260,000
	727,170	617,880

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

(Expressed in Renminbi Yuan unless otherwise indicated)

18 OTHER LOANS *(CONTINUED)*

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

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Properties for sales	**243,061**	174,457
Property, plant and equipment	**106,400**	106,997
	349,461	281,454

In addition, secured other loans with carrying amount of RMB25,000,000 (31 December 2010: RMB25,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB128,962,000 (31 December 2010: RMB133,069,000) at 30 June 2011.

(c) Included in other loans is an amount of RMB190,000,000 (31 December 2010: RMB190,000,000) in relation to a trust arrangement with a trust company. Under the trust arrangement, the trust company injected paid-in capital to the subsidiary and the legal title of the share was transferred to the trust company. The Group committed to repurchase while the trust company has the obligation to sell such share within a pre-set period. The trust company does not entitle to any profit distribution from the subsidiary but receives fixed interest income periodically. Such paid-in capital is classified as other loans in the interim financial report.

(d) In addition, included in other loans is an amount of RMB177,600,000 which was borrowed from Bridge-CCRE Trust II as set out in note 12.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

19 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Bill payables	**297,160**	373,230
Trade payables *(note (a))*	**1,167,917**	980,002
Other payables and accruals	**789,839**	904,945
Amounts due to jointly controlled entities *(note (b))*	**2,390,370**	355,783
Amounts due to related companies	**30**	32
Amounts due to non-controlling interests	**148,893**	123,342
Derivative financial instruments	**96,769**	91,175
	4,890,978	2,828,509

(a) The ageing analysis of trade payables is set out as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Due within 1 month or on demand	**986,788**	781,206
Due after 1 year	**181,129**	198,796
	1,167,917	980,002

(b) Other than the advance of RMB400,000,000 from Bridge-CCRE Trust II as set out in note 12, during the period, certain jointly controlled entities of the Group which were jointly controlled by Bridge Trust-CCRE Group Real Estate Trust Investment Fund ("Bridge-CCRE Trust I") established in 2010 made advances to the Group. These amounts are unsecured, interest free and have no fixed repayment terms.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

20 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 as derivative financial instruments and their fair value is remeasured at the end of each reporting period.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK$2.984 and HK$3.947 respectively.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

21 SENIOR NOTES

On 20 October 2010, the Company issued senior notes with principal amount of US$300,000,000 due 2015 (the "senior notes"). The senior notes are interest-bearing at 12.25% per annum and payable semi-annually in arrears. The maturity date of the senior notes is 20 October 2015. On or after 20 October 2013, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 20 October of each of the years indicated below.

Period	**Redemption price**
2013	106.1250%
2014	103.0625%

In addition, at any time prior to 20 October 2013, the Company may at its option:

(i) redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

(ii) redeem up to 35% of the aggregate principal amount of the senior notes with the funds generated from equity offering at a redemption price of 112.5% at the principal amount of the senior notes, plus accrued and unpaid interest, if any, to the redemption date.

The redemption options held by the Company are separately accounted for as derivative financial instruments and stated at fair value at the end of each reporting period.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

22 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Pre-IPO share option scheme

On 14 May 2008, the Company conditionally granted 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 Hong Kong Limited. 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.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted 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 options are exercisable within first year from 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. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(c) Adjustments to the exercise price and outstanding number of share options

On 28 June 2011, upon the rights issue of the Company, the exercise price of Pre-IPO share options and share options granted on 25 May 2010 was adjusted to HK$2.682 and HK$1.853 respectively and the number of outstanding share options was adjusted from 48,150,000 to 49,363,380.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

	Number of options
Outstanding at 1 January 2011	49,100,000
Lapsed/forfeited during the period	(950,000)
Adjustment upon rights issue	1,213,380
Outstanding at 30 June 2011	49,363,380
Exercisable at 30 June 2011	32,960,180

The options outstanding at 30 June 2011 had a weighted average exercise price of HK$2.34 (31 December 2010: HK$2.41) and a weighted average remaining contractual life of 4.8 years (31 December 2010: 5.3 years). The weighted average exercise price of exercisable options at 30 June 2011 was HK$2.58 (31 December 2010: HK$2.34).

No options were exercised during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(e) Share options granted subsequent to the reporting period

On 25 July 2011, the Company granted 12,500,000 share options to the Company's employees with exercise price of HK$2.16 per share. The vesting period of the share options is the same as the share options granted by the Company on 25 May 2010.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi Yuan unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Issue of shares upon rights issue

On 28 June 2011, the Company issued 428,000,000 shares of HK$0.1 each by way of a rights issue in the proportion of 21.4 rights shares for every 100 ordinary shares at a subscription price of HK$1.71 per rights share. These newly issued shares rank equally in all respects with the existing shares. The net proceeds from the rights issue amounted to HK$718,171,000 (equivalent to RMB596,487,000).

(b) Dividends

(i) The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB Nil).

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of HK$9.7 cents per ordinary share (2010: HK$6.8 cents per ordinary share)	**162,615**	118,777

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

(Expressed in Renminbi Yuan unless otherwise indicated)

24 COMMITMENTS

Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report are as follows:

	At 30 June 2011 ***RMB'000***	At 31 December 2010 *RMB'000*
Contracted for	**1,640,503**	1,957,446
Authorised but not contracted for	**16,583,925**	11,805,438
	18,224,428	13,762,884

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

25 CONTINGENT LIABILITIES

The Group provides 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 period commences from the date of grant of the relevant mortgage loans and ends after the purchasers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at 30 June 2011 is as follows:

	At 30 June 2011 ***RMB'000***	At 31 December 2010 *RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,862,604**	3,060,798

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

(Expressed in Renminbi Yuan unless otherwise indicated)

25 CONTINGENT LIABILITIES *(CONTINUED)*

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the period under guarantee as the Group has not applied for individual property ownership certificates for these purchasers and can take over the ownership 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 guaranteed by the Group in the event that the purchasers default payments to the banks.

26 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011, major related party transactions entered by the Group are as follows:

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Interest income from jointly controlled entities	(a)	**14,617**	–
Interest expenses to jointly controlled entities	(b)	**(5,831)**	–
Interest expenses to non-controlling interest	(c)	**–**	(5,461)
Rental expenses to a related company	(d)	**–**	(225)

(a) The amount represents interest income in relation to advances to jointly controlled entities during the period.

(b) The amount represents interest expenses in relation to loans from Bridge-CCRE Trust II as set out in note 12.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) The amount for the six months ended 30 June 2010 represented interest expenses in relation to advances from non-controlling interests of a subsidiary which was unsecured and interest bearing at 12% per annum and settled in 2010.

(d) The amount for the six months ended 30 June 2010 represented rental expenses for the office of the Group paid to a related company, in which Mr Wu Po Sum has significant interest. The lease was terminated in 2010.

(e) Directors' remuneration

The Company's directors remuneration during the period are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Directors' fees	**488**	473
Salary and other emoluments	**6,808**	5,215
Contribution to retirement benefit schemes	**24**	24
Share-based payment	**1,379**	1,209
	8,699	6,921

27 ACQUISITION OF A SUBSIDIARY

On 9 February 2011, the Group acquired 100% equity interest in Henan Shengtai Real Estate Company Limited ("Henan Shengtai") at a consideration of RMB32,632,000 from an independent third party. Henan Shengtai is holding a piece of land with land area of 6,506 sq.m. in Zhengzhou for property development purpose. Since the date of the acquisition, Henan Shengtai did not have significant impact on the Group's net profit.

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

(Expressed in Renminbi Yuan unless otherwise indicated)

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 5 August 2011, the Group acquired the remaining 50% equity interest in Henan Coal Chemical Central China Real Estate Development Investment Co., Ltd ("CCRE Coal Chemical"), a former jointly controlled entity of the Group, at a consideration of RMB52,800,000. Subsequent to the acquisition, CCRE Coal Chemical became a wholly-owned subsidiary of the Group.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING 1 JANUARY 2011

Up to the date of issue of 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 2011 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 amendments, new standards and new interpretations 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
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 34 to 66 which comprises the consolidated statement of financial position of Central China Real Estate Limited (the "Company") as at 30 June 2011 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement 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 ("HKSRE 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.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF
CENTRAL CHINA REAL ESTATE LIMITED
(Incorporated in the Cayman Islands with limited liability)

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 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

OTHER MATTER

Without modifying our review conclusion, we draw to your attention that the comparative amounts of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement in respect of the six month period ended 30 June 2010 and the related notes disclosed in the interim financial report have not been reviewed in accordance with HKSRE 2410.

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

26 August 2011