20 YEARS
1992-2012
建业二十年·感恩一亿人

根植中原造福百姓

胡葆森

From the land of Henan, for the people of China.

Interim Report 2013

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.HK
www.centralchina.com

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Ms. Yan Yingchun

Non-executive Directors

Mr. Lim Ming Yan *(Vice-Chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Ms. Wu Wallis (alias Li Hua)
Mr. Hu Yongmin

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi (resigned on 31 July 2013)
Mr. Xin Luo Lin
Mr. Muk Kin Yau (appointed on 1 August 2013)

BOARD COMMITTEES

Audit Committee

Mr. Cheung Shek Lun *(Chairman)*
Mr. Xin Luo Lin
Mr. Leow Juan Thong Jason

Remuneration Committee

Mr. Xin Luo Lin *(Chairman)*
Mr. Wu Po Sum
Mr. Cheung Shek Lun

Nomination Committee

Mr. Wu Po Sum *(Chairman)*
Mr. Cheung Shek Lun
Mr. Xin Luo Lin

CHIEF EXECUTIVE OFFICER

Mr. Chen Jianye

COMPANY SECRETARY

Mr. Wong Tak Chun (resigned on 28 June 2013)
Mr. Kwok Pak Shing (appointed on 28 June 2013)

REGISTERED OFFICE

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

Corporate Information *(Continued)*

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 7701B–7702A
77th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman
KY1-1110
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 ADVISERS

As to Hong Kong Law

Li & Partners

As to Cayman Islands Law

Conyers Dill & Pearman (Cayman) Limited

INDEPENDENT AUDITORS

KPMG
Certified Public Accountants

WEBSITE OF THE COMPANY

www.centralchina.com

Corporate Profile

Central China Real Estate Limited (hereinafter referred to as "CCRE" or the "Company", together with its subsidiaries hereinafter referred to as the "Group") 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").

The Company has been committed to the development of branded properties as its principal activity since its establishment. Over 21 years, we have continued to guide our citizens to new exposures in lifestyle through our articulately crafted architectural masterpieces in honor of our core value of "Taking Root in Central China and Contributing to Society." The Company is of the view that an enterprise relates to the society in the same way as a tree relates to soil. When we establish our presence in a city, we co-operate with our local peer developers to contribute to the local community by improving the standards of construction, increasing tax collections for local governments and creating job opportunities. Our relentless efforts in driving the urbanisation process and promoting economic and social growth in Henan Province have won the accolades of government authorities, professionals, peers, investors, customers and our employees.

We position ourselves as a facilitator of urbanisation and all-round social progress for central China. Having taken root in central China for 21 years, we are resolute as ever in our vision and mission of "building quality houses for the people of Henan". With the development of housing complexes such as "Forest Peninsula", "U-Town", "Code One City", "Sweet-Scented Osmanthus Garden" and "Jianye Eighteen Cities", we have improved the standard of residential housing in various cities in Henan and made important contributions to the urbanisation process of the province. Meanwhile, the Company endeavours to construct a unique mega service regime in China's property sector comprising property, education, hotel, football, commercial, green base resources, etc., with a view to fostering new core competitiveness for the Company.

The Company is firmly committed to its philosophy of "providing customers with zero-defect products and first-rated services". In addition, we apply concepts of scientific decision-making, management standardisation and operation professionalisation in our business management to ensure the quality of our products and services.

In its persistent professional pursuit of premium residential housing development over the past 21 years, the Company has fostered a "CCRE model" focused on provincial and regional development, created a brand name well trusted for social responsibility, groomed a high caliber management team, given substance to the corporate philosophy of "perseverance for excellence" and embarked on a development cycle of "ongoing profitability and stable growth".

As of now, the Company has established its presence in Henan's 18 prefecture-level cities and 16 county-level cities. As at 30 June 2013, the Company had completed development projects with an aggregate gross floor area ("GFA") of approximately 9.54 million square metres ("sq.m.") and owned 27 projects/phases under construction with GFA of approximately 3.10 million sq.m. under development and land reserves with GFA of 17.07 million sq.m., including equity-owned GFA of 14.06 million sq.m.. During the six months ended 30 June 2013 ("reporting period"), GFA measured approximately 0.67 million sq.m. for newly commenced projects and 0.91 million sq.m. for properties sold.

Corporate Profile *(Continued)*

In line with its corporate culture underpinned by "honesty, responsibility, integrity and focus", a state of business featuring a high level of integration between "economic and social benefits, material and spiritual pursuits, corporate and staff interests, strategic objectives and execution process" is coming into shape.

According to "2013 Research Report on Top 500 Chinese Property Developers" co-published by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal on 22 March 2013, the Company was ranked 26th among the "Top 500 Chinese Property Developers in 2013" and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for the fifth year in a row, being the only central China-based property developer among the top 30 and the top real estate developer in Henan. On 23 May 2013, the Company was honoured with a 21st ranking on the list of Chinese listed property companies from the Chinese Property Listed Companies Appraisals and was further ranked in top 5 operations performance.

Turning dreams into reality, golden age coming along. The Company adheres to its corporate philosophy of "Perseverance for Excellence" and its core value of "Taking Root in Central China and Contributing to Society". The Company remains committed to making contributions to the development of the real estate industry and the private economic sector, as well as the strengthening of the nation and the prosperity of the nation.

Chairman's Statement

I have the pleasure to present, on behalf of the board (the "Board") of directors (the "Directors" and each a "Director") of the Company, the unaudited consolidated interim results of the Group for the six months ended 30 June 2013.

While there were improvements in the economic conditions of major developed economies during the reporting period, considerable uncertainties remained in the global economic landscape. Confronted with complicated economic situations both at home and abroad, the central government emphasised that economic growth rate should be sustained within a reasonable range to ensure ongoing economic transformation and upgrade. For the first six months of 2013, China's GDP amounted to RMB24.80 trillion, representing a year-on-year growth of 7.6%. We expect stable growth of the Chinese economy for the latter half of 2013.

In Henan, the general development trends witnessed in recent years continued to prevail, underpinned by successive announcements of favourable policies: first of all, the Chinese government expressly stated that the development of central China and the western regions would form an important part of the optimisation of the regional structure of the Chinese economy, and that a differentiated regional economic policy would be adopted to increase the central government's fiscal support. Secondly, the selection of Zhengzhou Aviation Port Zone as the first national-grade trial aviation-port economic development zone in China would fuel regional economic development with new driving force. For the first six months of 2013, Henan recorded GDP of RMB1.46 trillion, representing year-on-year growth of 8.4%, which was 0.8 percentage point above the national growth rate.

Property price in key Chinese cities had continued to grow in the first six months of 2013, before such growth began to diminish after the announcement of the "Five Measures of the State Council." The transaction volume for new properties was notably higher than that for last year, although sales became subdued in the second quarter. For the first six months of 2013, sales of commodity housing in the nationwide property market amounted to RMB3,337.6 billion, representing a year-on-year growth of 43.2%.

As the principal market for the Company's business development, Henan's characteristic of mainly driven by end-users' demands rather than speculative investors' demands was again evident amidst market corrections. For the first six months of 2013, sales of commodity housing in Henan amounted to RMB108.9 billion, representing year-on-year growth of 50.1%, which was 6.9 percentage points above the national average growth rate. Looking to the second half of the year, the accelerated pace in Henan's industrialisation and urbanisation is expected to provide ongoing drive to regional market growth, riding on favourable factors such as the building of the central China economic zone and the national policy of advancing novel urbanisation.

During the reporting period, the strategic characteristic of CCRE became more prominent as it resonated with the novel type of people-oriented urbanisation advocated by the central government after the new cabinet was sworn in. Since the earlier half of the year, officials from the Counsellors' Office of the State Council have paid two visits to the Company to conduct studies relating to urbanisation construction, after which news media have described the Company as the leading Hong Kong-listed domestic property developer in the context of urbanization.

With the benefit of the accelerating urbanisation process of Henan and the stable development of the real estate sector, the Company reported prominent year-on-year growth in its interim results for the first six months of 2013. Contracted sales of the Company amounted to RMB6.17 billion, representing year-on-year growth of 20%, while GFA sales exceeded 0.90 million sq.m. Meanwhile, the Company continued to gain grounds in integrated strengths, as it rose from the 28th in 2012 to the 26th among the "Top 500 Chinese Property Developers 2013," while continuing to top the list of "Top 10 Chinese Property Developers in Regional Operations" for yet another year, being the only central China-based property developer among the top 30.

In 2013, the Company continued to adhere to its long-standing corporate culture, as represented in day-to-day operation by a strong focus on products and services. During the reporting period, Henan Central China Construction Design Company Limited* (河南建業建築設計公司) was established to enhance product serialisation and standardisation and drive the progress of commercialisation, in a bid to improve product quality and foster new core competitive strengths. Meanwhile, the Company effectively fortified its brand leadership in the regional market and created favourable conditions for its general marketing by launching the "2013 Gratitude Gathering for Existing Owners and Presentation of New Products" during the first half of the year. In the meantime, to show gratitude for the support of CCRE property owners, a "CCRE Goodwill Visit" programme was organised for CCRE property owners, who were invited for the experience of CCRE's unique service resources. While greatly enhancing customer satisfaction, the event has also provided a fine showcase for the unique service value embodied in the CCRE strategy.

Meanwhile, the Company has attained substantial progress in the building of an Internet-based community service regime, while resources for its mega service regime have also been further reinforced. During the reporting period, the Supreme Card (至尊卡), an important vehicle for CCRE's customer service, was granted the "Payment Services Permit" by the People's Bank of China, whereby it was officially admitted into the ranks of non-financial institutions approved by the central bank for payment services. The successful application for the permit will enable the mega service regime to develop in broader extent and greater depth, thereby enriching the means of the Company's services.

During the first half of 2013, the Company issued senior notes with an amount of US$200 million in January, followed by a further issue of 5-year senior notes with an amount of US$400 million and an interest rate of only 6.5% on 23 May. We acquired new land reserves with a total GFA of 2.56 million sq.m. during the first half of the year, as we were well positioned to acquire land at relatively low prices with the backing of our access to both domestic and overseas capital markets and significant enhancements in business capabilities.

Based on our provincial network built in accordance with the CCRE strategy of provincial and regional development, we will be focused on the development of innovative business models, with a special emphasis on the enrichment and upgrade of product form and quality, while expanding our customer service networks and resources with ongoing efforts. Currently, we have come to the stage of vertical depth in CCRE's strategic development. By "vertical depth," we do not just mean expansion to county-level cities in the geographic sense. What's more, we are looking to explore the depth of our existing markets and increase our market shares there. On this basis, we will investigate the development of county-level markets on the one hand, while increasing our share in the Zhengzhou market on the other to recapture our leadership.

In respect of corporate governance, the Company will further optimise its management system and enhance its internal control standards. Increased authority will be delegated to management teams that show good character and outstanding caliber, in a bid to enhance staff motivation and work efficiency.

As a company accustomed to long-term perspectives in the determination of development strategies, we will continue to measure our current development against the norm of sustainability and prepare for the future by conducting prudent and effective operations now. We have always emphasised that the people of CCRE must be evermore sober, diligent, resilient and outstanding. Only in this way can the Company's corporate strategy be implemented with depth and CCRE be firmly established in the market as it celebrates its third decade in business. Only in this way will the people of CCRE be able to achieve what they ardently aspire for: to create wealth and to earn respect.

APPRECIATION

I would like to take this opportunity to express sincere gratitude to our management team and staff for their diligent work and contributions. In this era of change, the trust and recognition of shareholders remains the driving force for us to go forward. We will continue to maximise shareholders' value by acting as the facilitator of urbanisation and general social progress in central China, seeking to enhance our contributions to the healthy and sustainable development of China's real estate industry as we head into the third decade of the Company's operation.

Wu Po Sum
Chairman
23 August 2013

Management Discussion and Analysis

I. REVIEW OF OPERATIONS

(I) Market and Operations Review

(1) The macro-economic environment

During the first half of 2013, the global economy sustained a trend of slow growth as economic conditions at home and abroad remained intricate. The Chinese macro-economy sustained overall stability as the government sought to secure growth, adjust economic structures and drive transformation. For the first six months of 2013, China's GDP amounted to RMB24.80 trillion, representing a year-on-year growth of 7.6%.

Following the elevation of central China economic zone development to the status of a national policy, Henan welcomed another significant boost in policy terms, as Zhengzhou Aviation Port Zone was announced the first national-grade pioneer aviation port economic development zone in March 2013. For the first six months of 2013, Henan recorded GDP of RMB1.46 trillion, representing a year-on-year growth of 8.4%, which was 0.8 percentage point above the national growth rate.

(2) The property market

Property price growth in key Chinese cities, comprising mainly the tier-one cities, further accelerated in early 2013 which in turn drove up property prices across the nation. To procure stable and healthy development of the property market, the central government announced on 20 February 2013 the "Five Measures of the State Council", which saw growth of the 100-City Home Price Index shrinking period-on-period in the second quarter. For the first six months of 2013, sales of commodity housing in the nationwide property market amounted to RMB3,337.6 billion, representing a year-on-year growth of 43.2%.

As the principal market for the Company's business development, the Henan property market again outperformed the national average level against ongoing government regulatory measures, indicating a robust housing demand from end-users. For the first six months of 2013, sales of commodity housing in Henan amounted to RMB108.9 billion, representing a year-on-year growth of 50.1%, which was 6.9 percentage points above the national growth rate.

(II) Project Development

During the reporting period, the Company secured stable growth in results by adopting an innovative marketing approach, while advancing product innovation by creating a platform for product research and development. The sound results were also attributable to our measures to improve the incentive mechanism and accelerate turnover. During the reporting period, the Company acted with precision to control its development plans and schedules in tandem with the economic cycle, as it commenced projects with an aggregate GFA of 673,839 sq.m. and completed projects with an aggregate GFA of 871,251 sq.m., while completing sale/pre-sale of projects with an aggregate GFA of 907,587 sq.m. for a total amount of RMB6.17 billion, representing an increase of 20% as compared to the same period last year.

(1) Development schedule

During the reporting period, the Company commenced construction of 9 projects/phases with newly commenced GFA of 673,839 sq.m., which represented slight adjustments of the plan set out at the beginning of the year in relation to the pace of project development mainly in response to market situations.

Geographical breakdown of newly commenced projects for the first six months of 2013

Location	Newly commenced GFA (sq.m.)
Zhengzhou	–
Other cities in Henan Province	673,839
Total	**673,839**

As at 30 June 2013, the Company had 27 projects/phases under development with total GFA of approximately 3,096,782 sq.m., including 4 projects/phases in Zhengzhou and 23 projects/phases in other cities of Henan.

Geographical breakdown of projects under development as at 30 June 2013

Location	GFA under development (sq.m.)
Zhengzhou	459,693
Other cities in Henan Province	2,637,089
Total	**3,096,782**

During the reporting period, the Company completed 12 projects/phases with total completed GFA of 871,251 sq.m., representing a sales ratio of 79%.

City	Development Project	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-sold/ sold GFA (sq.m.)
Zhengzhou	Shangjie Jianye Forest Peninsula Phase III	8,479	8,464	6,182
Hebi	Forest Peninsula Phase III	30,512	30,512	29,501
Xinxiang	Code One City Phase I	109,047	106,964	85,912
Puyang	Jianye City Phase VI	86,402	83,676	68,222
Xuchang	Forest Peninsula Phase II	97,236	95,387	59,344
Shangqiu	U-Town Phase V	40,721	40,721	39,655
Zhoukou	Jianye Forest Peninsula Phase III	68,415	68,415	64,486
Nanyang	Forest Peninsula Phase II	95,818	95,818	80,511
Xinyang	South Lake No. 1	54,908	54,908	25,559
Luoyang	Jianye Triumph Plaza (Note)	203,430	20,979	20,593
Zhengzhou	Five Building Phase I Block BD	35,842	35,842	29,937
Luohe	Central China Four Points	40,441	–	–
		871,251	**641,686**	**509,902**

Note: Approximately 180,000 sq.m. out of total GFA of 203,430 sq.m. of Jianye Triumph Plaza (Luoyang) were self-owned, resulting in the substantial difference between total GFA and saleable GFA.

(2) Sales schedule

The aggregate GFA sold/pre-sold by the Group during the reporting period was 907,587 sq.m., with an aggregate amount of RMB6.17 billion received from sale/pre-sale, representing an increase of 20% over the same period last year.

Location	Approximate saleable GFA sold (sq.m.)	Approximate total amount (RMB'000)
Zhengzhou	120,320	1,648,560
Other cities in Henan Province	787,267	4,521,800
Total	**907,587**	**6,170,360**

(III) Land reserves

During the reporting period, the Company acquired land reserves with a GFA of 0.27 million sq.m. through equity acquisition and land reserves with a GFA of 2.29 million sq.m. through public auction. As at 30 June 2013, the Company had land reserves with a total GFA of 17.07 million sq.m., and obtained the state-owned land use right certificates in respect of sites with GFA of 12.26 million sq.m. Details of the land acquisitions of the Group through public land auctions and equity acquisition during the reporting period are set out as follows:

1. Public Land Auction

On 18 January 2013, Zhengzhou Jiandong Zhiye Company Limited* (鄭州建東置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the south of Jicheng Road and the north of Shangde Street in Zhengzhou in a listing for sale process held by 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 was RMB100.40 million. The land parcel has a site area of 13,159 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0.

On 25 January 2013, Yuzhou New Plaza Construction & Development Company Limited* (禹州新天地建設開發有限公司), a 75%-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north and south of Jianshe Road and the east of Hougong Road in Shenhou Town, Yuzhou City in a listing for sale process held by Yuzhou City Land and Resources Bureau* (禹州市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB4.10 million, RMB0.70 million and RMB5 million, respectively. Land parcel No. (2012)041 has a site area of 2,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5; land parcel No. (2012)042 has a site area of 475 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5; land parcel No. (2012)043 has a site area of 3,471 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5.

On 1 February 2013, Central China Tihome (Henan) Real Estate Company Limited* (河南建業泰宏置業有限公司), a joint venture held as to 51% by the Company, acquired the land use rights of a land parcel located at the south of Ganqu South Road and both sides of Daxue South Road in Erqi District, Zhengzhou in a listing for sale process held by 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 was RMB703.12 million. The land parcel has a site area of 227,464 sq.m. (including 194,170 sq.m. for commodity housing and 33,294 sq.m. for the resettlement area) and a mandatory detailed planned plot ratio of not more than 3.5 for city and township residential sites and not more than 4.9 for commercial and service business sites in connection with commodity housing development; and not more than 3.75 for city and township residential sites in connection with the resettlement area.

On 27 February 2013, Shangqiu Central China Real Estate Company Limited* (商丘建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Guide Road and north of Songcheng Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB135.44 million. The land parcel has a site area of 75,245 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 20 March 2013, Anyang Central China Real Estate Company Limited* (安陽建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the junction of Wenfeng East Road and Haixing Road in Anyang City in a listing for sale process held by Anyang Public Resources Exchange Centre* (安陽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB106.14 million. The land parcel has a site area of 85,311 sq.m. and a mandatory detailed planned plot ratio of 1.5–3.0.

On 17 April 2013, Xinyang Central China Tianming Real Estate Company Limited* (信陽建業天明住宅建設有限公司), a 50%-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Ershier Avenue and north of Xinwu Road in Yangshan New District, Xinyang City in a listing for sale process held by Xinyang City Land and Resources Bureau* (信陽市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB116.18 million. The land parcel has a site area of 61,471 sq.m. and a mandatory detailed planned plot ratio of 2.2–2.8.

On 22 April 2013, Jiyuan Central China Real Estate Company Limited* (濟源建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the northwestern end of the junction of Jidu Avenue and Wenchang Road in Jiyuan City in a listing for sale process held by Jiyuan City Land and Resources Bureau* (濟源市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB90 million and RMB100.69 million, respectively. Land parcel No. 2013–06 has a site area of 66,667 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2; land parcel No. 2013–07 has a site area of 74,582 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2.

On 26 April 2013, Yanshi Central China Real Estate Company Limited* (偃師建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the east of Yingbin Road, south of Nanjing Road and west of Wenhua Road in Yanshi City in a listing for sale process held by Yanshi City Land and Resources Bureau* (偃師市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB47.42 million and RMB60.57 million, respectively. Land parcel No. 2013–06 has a site area of 35,126.01 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0; land parcel No. 2013–07 has a site area of 44,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 18 June 2013, Xiping Central China Real Estate Company Limited* (西平建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north of Zhongcheng Avenue, south of Weilai Avenue, west of Xuesong Road and east of Zijing Road in Xixin District, Xiping County in a listing for sale process held by Xiping County Public Resources Exchange Centre* (西平縣公共資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB64.12 million, RMB55.95 million and RMB77 million, respectively. Land parcel No. XP–2013–1 has a site area of 44,556 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP–2013–2 has a site area of 48,849 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP–2013–3 has a site area of 66,664 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0.

2. Equity acquisition

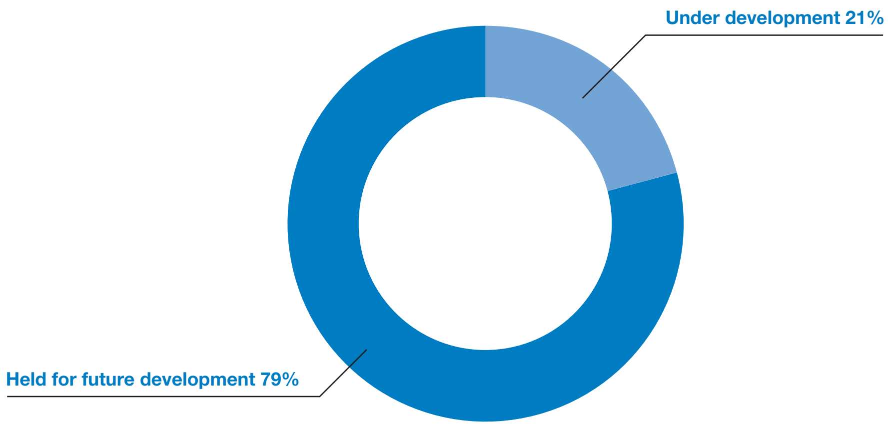
On 3 April 2013, the Company entered into an investment cooperation agreement with Xuchang Hengda Real Estate Group Limited* (許昌恒達房地產集團有限公司) to acquire 60% equity interest in Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) for a consideration of RMB360 million. Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) owns the land use rights of a land parcel located at the west of Huayuan Road and north of Longke Road in Jinshui District, Zhengzhou City with a site area of 34,176 sq.m. and a mandatory detailed planned plot ratio of not more than 5.5.

Management Discussion and Analysis *(Continued)*

3. **Distribution of land reserves**

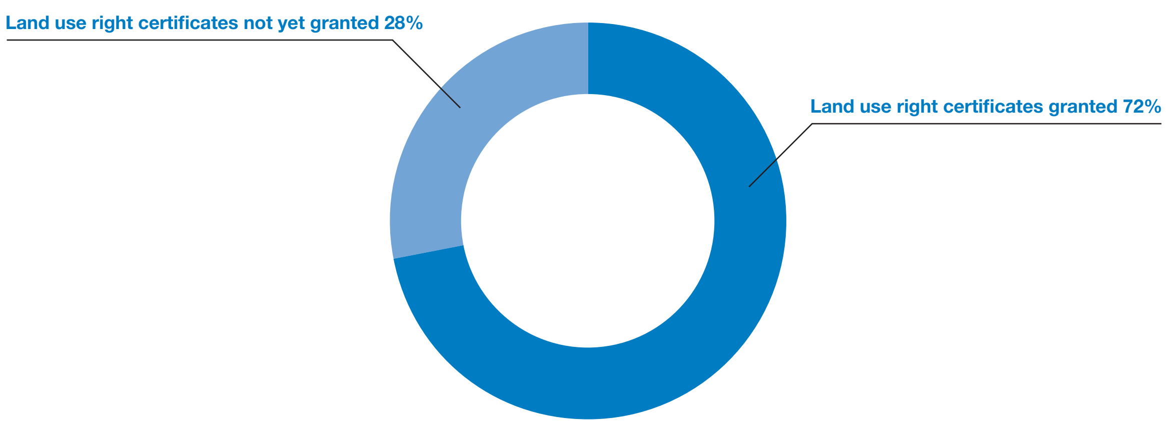
   (A) **Distribution of the Company's land reserves by current development status**

Fig: percentage of land under development and land held for future development to the Company's land reserves (as at 30 June 2013)



   (B) **Distribution of the Company's land reserves by land use right certificates**

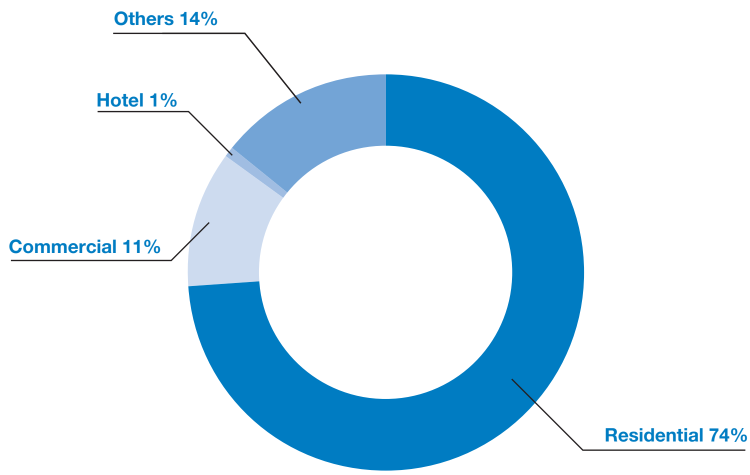
Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 30 June 2013)



Management Discussion and Analysis *(Continued)*

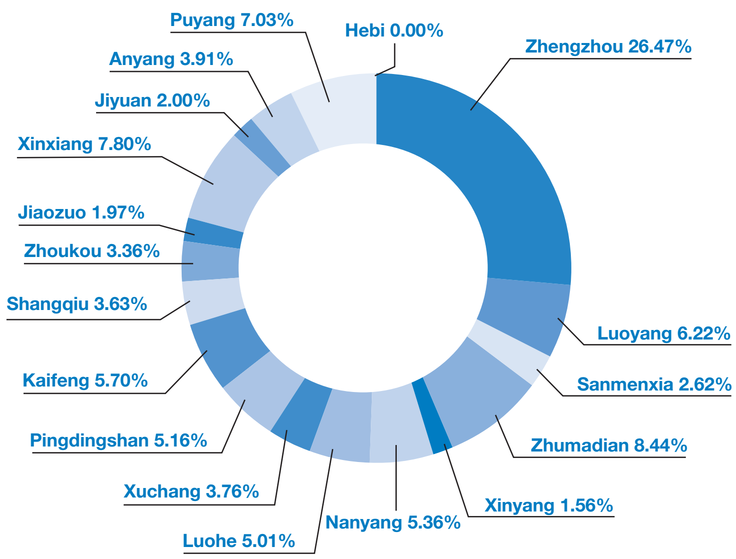
(C) Distribution of the Company's land reserves by property types

Fig: Distribution of property types (as at 30 June 2013)



(D) Distribution of the Company's land reserves by cities

Fig: Distribution of the Company's land reserves by cities (as at 30 June 2013)



(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we continued to enhance product quality and customer satisfaction through refined designs and conduct the design and building of fully-furbished houses with searching efforts. With our fast-growing presence in county-level cities, strong efforts were also being put in the research and development of products for the county-level market. Meanwhile, we continued to drive the research and development of our fourth-generation products and urban complex products in a manner compatible with the actual progress of our projects. Last but not least, green architecture was implemented throughout the Province according to a planned schedule.

Architectural design

At CCRE, we aim at "providing customers with zero-defect products and first-rated services". In-depth inquiries are being made to find out how customers feel about the four principal CCRE product lines of sophisticated housing, with a particular focus on any special concerns arising from their experience with our products. Detailed quality upgrade programmes are being formulated and implemented with full force, showing our care for customers through our attention to details in a bid to effectively enhance customers' experience of our product quality.

Serialisation and standardisation

Under the general principles of serialisation, standardisation and commercialisation, we continued to accelerate the extensive local implementation of product serialisation and standardisation during the reporting period, assisted by stringent control over the local implementation process to ensure proper application of the findings of our research and development work in serialisation and standardisation, while substantiating and improving such process in response to feedback generated in actual execution to provide full assurance that the quality of our architecture and construction gets better each day.

Our efforts in new product development and construction in relation to fourth-generation CCRE products and Jianye Eighteen Cities continued to growth in depth to provide increasingly diverse product lines.

Application of green construction

The Company has long been a champion of the "green, low-carbon and energy-saving" philosophy for property development, as underscored by its relentless efforts to drive the research and implementation of green architecture and fully-furnished houses.

The Company's green architecture programme has enjoyed a good start with Central China Code One City in Puyang obtaining the Green Mark Accreditation issued by the Ministry of Housing and Urban-Rural Development in 2012. During the reporting period, we continued to expedite the promotion of green architecture in an organised manner within the territory of Henan, as the green architecture works of 16 projects incorporating features of our projects in various cities in Henan had been reported to the Technology Division of the Henan Provincial Department of Housing and Urban-Rural Development for record, making us the most advanced company in Henan in green architecture.

The findings of CCRE's research in fully-furnished residential housing were put into in-depth application. During the reporting period, we started the practical implementation of the trial run of CCRE fully-furnished residential housing project. To support project implementation, we had created a series of technical documents which were constantly substantiated and improved during the process to take into account findings generated from practical application, so as to prepare for broader implementation in the next stage.

(V) Customer Service and Customer Relationship

During the reporting period, the Company was focused on customer satisfaction and attention to customer needs as two fundamental areas of concern. With a special emphasis on quality and creativity in services, dedicated efforts were made to increase customer satisfaction and comfort through integrated application of the Group's seven major service resources in line with the strategic aim of building a mega service regime.

In connection with service quality, the Company has designated "customer satisfaction" as the primary benchmark for appraisal and sought to enhance overall customer satisfaction with various fundamental services. In addition, the Company was also committed to improving its customer service standards and concerning itself with customers' living conditions and their feedback to the Company's services. Through cooperation with a third-party consultant, the "Survey Report on Customer Service Requirements" was completed and a standardised "Customer Service Manual" was compiled on the basis of the findings of the report to communicate to customers services that were being provided currently and those to be provided in future, in an attempt to meet customers' requirements on all fronts.

In connection with creative services, we have started to investigate the building of an Internet-based community service platform as an important local project for the mega service regime riding on the popular applications of the Internet of Things, Mobile Internet and smart terminals. On 30 June 2013, "9617777.com" went online on a trial run basis as a website for information sharing under the mega service regime. Through this website, we aim to deliver to residents added value fostered by their own resources as well as resources available from the Company by creating a community of friends and acquaintances, provide convenient services and integrate various internal and external resources online, as a means to enhance customer satisfaction.

At the beginning of the year, the Supreme Card (至尊卡), an important vehicle for CCRE's customer service, was granted the "Payment Services Permit" by the People's Bank of China, whereby it was officially admitted into the ranks of non-financial institutions approved by the central bank for payment services. The successful application for the permit will enable the mega service regime to develop in broader extent and greater depth, thereby enriching the means of the Company's services.

In the meantime, the Company launched a "CCRE Goodwill Visit" programme for all CCRE property owners in Henan to show gratitude for their support. Owners and their families were invited for stays at CCRE's 5-star hotels to experience the 5-star services of CCRE. These initiatives represented an effective consolidation and application of external and internal resources that allowed the owners to embrace the brand new lifestyle and community aura facilitated by the mega service regime, and the Company's brand reputation was enhanced as a result.

II. BUSINESS OUTLOOK

(I) Market outlook

(1) The macro-economic environment

While economic conditions in major developed nations have improved, uncertainties remain in the global economic landscape. Confronted with complicated economic situations both at home and abroad, the Chinese government has recently emphasised that macro-economic control should function to sustain the economic growth rate within a reasonable range and avoid inflationary growth or drastic decline. As such, the Company expects stable operation of the Chinese economy for the latter half of 2013.

Recently, the Chinese government has expressly stated that the development of the central and western regions forms an important part of the optimisation of the regional structure of the Chinese economy, and that a differentiated regional economic policy will be adopted to increase the central government's fiscal support for the central and western regions. In view of the aforesaid, the Company expects stable and swift development of the Henan economy in the second half of 2013.

(2) The property market

Given the implementation of the policy of differentiated regulation of housing loans and the government's position of actively meeting reasonable loan requirements of first-time home buyers, the Company anticipates overall stability for the nationwide property market in the second half of 2013.

With the continuous implementation of favourable government policies, the advantage of Henan in regional transportation, industrial infrastructure and resources, etc will become more prominent, driving faster progress of regional industrialisation and urbanisation and in turn strengthening support for sustained growth of the property market. In view of the above, the Company expects the Henan property market to remain in stable development in the second half of 2013.

(II) Business planning

For the second half of 2013, the Company aims to attain quality large-scale growth as it seeks to enhance its servicing capabilities through the building of the mega service regime and bolster its core strengths by increasing value-added utilisation of land sites and adjusting its product mix under the further implementation of the Company's strategy of provincial and regional development.

(1) Construction plans

In the second half of 2013, the Group expects to commence construction of a total of 24 projects or phases, with a GFA of 2,676,226 sq.m.

Geographical breakdown of commencement of construction in the second half of 2013

Location	Total GFA (sq.m.)	Percentage (%)
Zhengzhou	763,989	29%
Other cities in Henan Province	1,912,237	71%
Total	**2,676,226**	**100%**

(2) Completion plan

The Group expects to complete 19 projects (phases) with an expected completed GFA of 1,486,506 sq.m. in the second half of 2013.

City	Project	Expected completed GFA (sq.m.)
Zhengzhou	Shangjie Jianye Forest Peninsula Phase III	40,856
	Code Two City Phase II	159,721
	Five Building Phase I	125,406
	Central China Jianye Le Meridien	65,436
Kaifeng	Central China Dongjing Menghua	90,000
Pingdingshan	Jianye Sweet-Scented Osmanthus Garden Phase II (Batch I)	75,111
Anyang	Central China Forest Peninsula (Tangyin) Phase I	87,237
Xinxiang	Code One City Phase I	77,742
	U-Town Phase I	86,884
	Forest Peninsula (Changyuan) Phase I	31,523
Jiaozuo	Forest Peninsula Phase IV	25,165
	Forest Peninsula (Xiuwu) Phase I	41,173
Puyang	Code One City Phase I	43,504
Luohe	Code One City Phase III	105,490
Sanmenxia	Code One City Phase I	91,213
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden Phase I	47,827
Zhumadian	Forest Peninsula (Suiping) Phase I	45,009
	Jianye Eighteen Cities Phase I	38,606
Luoyang	Zhongya Huayang Square Phase V — VI	208,603
		1,486,506

Management Discussion and Analysis *(Continued)*

III. FINANCIAL ANALYSIS

Turnover: Our turnover increased by 0.8% to approximately RMB3,050 million for the six months ended 30 June 2013 from approximately RMB3,025 million for the same period of 2012, primarily due to an increase in average selling price of property sales and revenue from hotel operations.

- **Income from sales of properties:** Turnover from property sales increased to RMB3,017 million for the first half of 2013 from RMB3,015 million for the same period of 2012, due to an increase in average selling price to RMB5,438 per sq.m. in the first half of 2013 from approximately RMB5,234 per sq.m. for the same period of 2012, partially offset by a decrease in sold area from 575,980 sq.m. for the six months ended 30 June 2012 to 554,760 sq.m. for the six months ended 30 June 2013. The increase in average selling price was primarily the result of the change of the product mix.

- **Rental income:** Turnover from property leasing remained at approximately RMB11 million for the six months ended 30 June 2013.

- **Revenue from hotel operations:** Turnover from hotel operations was approximately RMB22 million for the six months ended 30 June 2013.

Gross profit margin: Gross profit margin was 36.3%, a 0.5 percentage point increase as compared with 35.8% for the same period of 2012, which was mainly due to higher average selling price of properties sold to customers of the Group in the first half of 2013.

Other revenue: Other revenue from operations decreased by RMB7 million from RMB63 million to RMB56 million, primarily due to a decrease in interest income from advances to related parties and third parties.

Other net income: Other net income of approximately RMB169 million for the period was primarily attributable to the gain on disposals of subsidiaries, partially offset by the unrealised mark-to-market loss incurred by trading securities.

Selling and marketing expenses: Selling expenses increased from RMB93 million to RMB115 million, an increase of RMB22 million, which was mainly due to the increase in new projects.

General and administrative expenses: General and administrative expenses increased from RMB147 million to RMB213 million, an increase of 44.9%, mainly due to an increase in salaries and other benefits paid to administrative staff as well as depreciation of fixed assets due to commencement of hotel operations since the second half of 2012.

Share of losses of associates: Such amount mainly represents the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited*（聖安德魯斯高爾夫俱樂部（鄭州）有限公司）.

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures was a gain of approximately RMB164 million in the first half of 2013 as compared to losses of approximately RMB9 million in the same period of 2012, primarily due to the recognition of revenue of the project companies, including Henan Coal Chemical Central China Real Estate Development Investment Company Limited* (河南煤化建業房地產開發投資有限公司), Henan United New Town Real Estate Company Limited* (河南聯盟新城置業有限公司), Central China Real Estate Nanyang Company Limited* (建業住宅集團南陽置業有限公司) and Henan Yuanda Real Estate Company Limited* (河南遠達置業有限公司). The revenue of the Group's joint ventures amounted to approximately RMB1,405 million, representing sales of 170,610 sq.m. during the first half of 2013, in which revenue of RMB799 million, representing sales of 92,271 sq.m., was attributable to the Group.

Finance costs: Finance costs increased from RMB116 million to RMB441 million, mainly due to (1) the loss of RMB244 million in relation to the early redemption of the US$300,000,000 Senior Notes (as defined below) and (2) the interest expense of RMB55 million in relation to the US$200,000,000 Senior Notes (as defined below) and the US$400,000,000 Senior Notes (as defined below) issued in the first half of 2013.

Income tax: Income tax includes corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC entity. The Group's income tax decreased to RMB356 million from RMB430 million, representing a decrease of 17.2%. Effective tax rate decreased from 55.2% to 47.2%, which is mainly due to the over-provision of LAT in the prior periods.

Profit for the period: As a result of the foregoing, our profit for the six months ended 30 June 2013 increased by 14.3% to approximately RMB399 million from approximately RMB349 million for the same period in 2012.

Financial resources and utilisation: As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB5,225 million (31 December 2012: RMB3,950 million). During the reporting period, the Group distributed a dividend of RMB160 million (six months ended 30 June 2012: RMB199 million) in relation to profit for the year ended 31 December 2012.

Management Discussion and Analysis *(Continued)*

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the six months ended 30 June 2013, we successfully issued the US$200,000,000 Senior Notes (as defined below) and the US$400,000,000 Senior Notes (as defined below) respectively, and redeemed the US$300,000,000 Senior Notes (as defined below). As at 30 June 2013, the repayment schedule of the Group's bank and other borrowings was as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Bank loans		
Within one year	**569,780**	675,000
More than one year, but not exceeding two years	**590,000**	412,000
More than two years, but not exceeding five years	**313,000**	447,500
Exceeding five years	**300,000**	62,000
	1,772,780	1,596,500
Other loans		
Within one year	**362,846**	739,702
More than one year, but not exceeding two years	**917,880**	868,980
More than two years, but not exceeding five years	**–**	47,000
	1,280,726	1,655,682
Convertible bonds		
More than one year, but not exceeding two years	**612,453**	587,533
Senior notes		
More than two years, but not exceeding five years	**3,280,625**	2,730,589
Exceeding five years	**1,226,786**	–
	4,507,411	2,730,589
Total borrowings	**8,173,370**	6,570,304
Less:		
Cash and cash equivalents	**(5,224,663)**	(3,949,775)
Restricted bank deposits secured bank loans	**–**	(106,951)
Net borrowings	**2,948,707**	2,513,578
Total equity	**5,950,488**	5,623,210
Net gearing ratio (%)	**49.6%**	44.7%

Pledge of assets: As at 30 June 2013, we had pledged certain properties for sale and property, plant and equipment with an aggregate carrying amount of approximately RMB3,183 million (31 December 2012: approximately RMB3,803 million) to secure general bank credit facilities and other loans granted to us.

Financial guarantees: As at 30 June 2013, we provided guarantees of approximately RMB5,477 million (31 December 2012: approximately RMB6,094 million) to banks in favour of buyers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures.

Capital commitment: As at 30 June 2013, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB3,811 million (31 December 2012: approximately RMB3,338 million), and we had authorised, but not yet contracted for, a further approximately RMB16,790 million (31 December 2012: approximately RMB17,094 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets and liabilities are denominated in RMB. As at 30 June 2013, our major non-RMB assets and liabilities are (i) bank deposits and convertible bonds denominated in Hong Kong dollar and (ii) the senior notes denominated in United States dollar and Singapore dollar. We are subjected to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in Hong Kong dollar, United States dollar and Singapore dollar.

Interest rate risks: The interest rates for a portion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We currently do not use derivative instruments to hedge its interest rate risks.

IV. ISSUANCE OF SENIOR NOTES

On 21 January 2013, the Company issued secured senior notes due 2020 with principal amount of US$200,000,000 at a coupon rate of 8.0% per annum (the "US$200,000,000 Senior Notes") to finance new and existing property projects (including land premium), to repay existing indebtedness and for general corporate purposes.

On 22 May 2013, the Company issued secured senior notes due 2018 with principal amount of US$400,000,000 at a coupon rate of 6.5% per annum (the "US$400,000,000 Senior Notes") for the purposes of redeeming or repurchasing the US$300,000,000 Senior Notes (as defined below) in full, funding new and existing property projects (including land premium) and for general corporate purposes.

V. REDEMPTION OF US$300,000,000 SENIOR NOTES DUE 2015

The Company has redeemed all outstanding US$300,000,000 12.25% senior notes due 2015 (the "US$300,000,000 Senior Notes") in full on 21 June 2013 (the "Redemption Date") at the redemption price equal to 100% of the principal amount of the US$300,000,000 Senior Notes, which is US$300 million, plus the applicable premium of US$30 million as of, and accrued and unpaid interest of US$6 million to (but not including), the Redemption Date, totalling US$336 million. For details, please refer to the announcements of the Company dated 23 May 2013 and 24 June 2013.

VI. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had 1,640 employees (31 December 2012: 1,489 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this interim report, there was no significant labor dispute which has or may have an adverse impact on our business operation.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2013, the interests and short positions of each of the Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures (the "Debentures") of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long positions in the Shares

Name	Capacity and nature of interest	Number of Shares	Approximate percentage of the interest in the Company's issued share capital[4]
Mr. Wu Po Sum	Interest in a controlled corporation	1,146,315,639[1]	47.10%
	Beneficial owner	2,050,400[2]	0.08%
Ms. Yan Yingchun	Beneficial owner	1,320,160[2]	0.05%
Ms. Wu Wallis (alias Li Hua)	Beneficial owner	1,500,000[2,3]	0.06%
Mr. Chen Jianye	Beneficial owner	7,710,000[2]	0.32%

Disclosure of Interests *(Continued)*

(b) Long positions in the Debentures

– **S$175,000,000 aggregate principal amount of its 10.75% Senior Notes due 2016 (the "SGD Notes")**

Name	Capacity and nature of interest	Amount of Debentures	Approximate percentage of the interest in the SGD Notes[5]
Mr. Lim Ming Yan	Beneficial owner	S$500,000	0.29%
Mr. Leow Juan Thong Jason	Beneficial owner	S$1,250,000	0.71%
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	S$250,000	0.14%

– **US$200,000,000 aggregate principal amount of its 8.0% Senior Notes due 2020 (the "USD Notes")**

Name	Capacity and nature of interest	Amount of Debentures	Approximate percentage of the interest in the USD Notes[6]
Mr. Leow Juan Thong Jason	Beneficial owner	US$750,000	0.38%
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US$500,000	0.25%

Notes:

1. The 1,146,315,639 Shares were registered in the name and were beneficially owned by Joy Bright Investments Limited ("Joy Bright"), a company wholly owned by Mr. Wu Po Sum. Accordingly, he was deemed to be interested in the 1,146,315,639 Shares by virtue of the SFO.

2. 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 29 to 32 of this interim report.

3. 1,500,000 Shares are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's Shares for the purposes of the SFO.

4. The percentage shareholdings are based on a total of 2,433,641,600 Shares in issue.

5. The percentage of the interest in the SGD Notes is based on the aggregate principal amount of S$175,000,000.

6. The percentage of the interest in the USD Notes is based on the aggregate principal amount of US$200,000,000.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any interests or short positions in the Shares, underlying shares or Debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 share options under the Pre-IPO Share Option Scheme to the Directors, employees and consultants of the Company. The exercise of these share options would entitle Directors, 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 (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.

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.

All the outstanding share options under the Pre-IPO Share Option Scheme were expired and lapsed on 5 June 2013.

The Pre-IPO Share Option Scheme was terminated on the date immediately preceding the date of the prospectus of the Company, that is, 25 May 2008.

Disclosure of Interests *(Continued)*

Movements of the share options granted under the Pre-IPO Share Option Scheme during the period from 1 January 2013 to 30 June 2013 were as follows:

				Number of share options granted under the Pre-IPO Share Option Scheme			
Name or category of participants	Date of grant	Exercise price per Share	As at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2013
Directors							
Mr. Wu Po Sum	14 May 2008	HK$2.682	6,510,020	–	–	(6,510,020)	–
Mr. Lim Ming Yan	14 May 2008	HK$2.682	2,563,000	–	–	(2,563,000)	–
Mr. Leow Juan Thong Jason	14 May 2008	HK$2.682	1,537,800	–	–	(1,537,800)	–
Ms. Yan Yingchun	14 May 2008	HK$2.682	1,537,800	–	(1,537,800)	–	–
			12,148,620	–	(1,537,800)	(10,610,820)	–
Chief Executive Officer							
Mr. Chen Jianye	14 May 2008	HK$2.682	205,040	–	–	(205,040)	–
Senior Management, other employees and consultants of the Group	14 May 2008	HK$2.682	13,583,900	–	(410,080)	(13,173,820)	–
			25,937,560	–	(1,947,880)	(23,989,680)	–

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 this third and fourth year from the Listing Date.

B. Share Option Scheme

The Shareholders conditionally adopted the Share Option Scheme pursuant to the written resolutions dated 14 May 2008. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus aligning their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Under the Share Option Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted 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.

Disclosure of Interests *(Continued)*

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 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 options must not exceed 1% of the total number of Shares in issue. Any further grant of 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 2013, share options to subscribe for 46,947,280 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.

Disclosure of Interests *(Continued)*

Movement of share options granted under the Share Option Scheme during the year from 1 January 2013 to 30 June 2013 were as follows:

			Number of share options granted under the Share Option Scheme				
Name or category of participants	Date of grant	Exercise price per Share	As at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2013
Directors							
Mr. Wu Po Sum	25 May 2010	HK$1.853	2,050,400	–	–	–	2,050,400
Ms. Yan Yingchun	25 May 2010	HK$1.853	2,050,400	–	(1,230,240)	–	820,160
	27 March 2013	HK$2.560	–	500,000	–	–	500,000
Ms. Wu Wallis (alias Li Hua)	27 March 2013	HK$2.560	–	1,500,000	–	–	1,500,000
			4,100,800	2,000,000	(1,230,240)	–	4,870,560
Chief Executive Officer							
Mr. Chen Jianye	25 May 2010	HK$1.853	2,563,000	–	(3,000)	–	2,560,000
	25 July 2011	HK$2.160	5,000,000	–	–	–	5,000,000
Senior Management,	25 May 2010	HK$1.853	10,046,960	–	–	–	10,046,960
other employees and	25 July 2011	HK$2.160	4,500,000	–	–	–	4,500,000
consultants of the Group	27 March 2013	HK$2.560	–	22,000,000	(1,230,240)	(800,000)	19,969,760
			26,210,760	24,000,000	(2,463,480)	(800,000)	46,947,280

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 respective dates of grant, that is, 25 May 2010, 25 July 2011 and 27 March 2013 (the "Dates of Grant"), not more than 20% of the share options are exercisable within the second year from the respective Dates of Grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the respective Dates of Grant.

The initial exercise price of the share options granted on 25 May 2010 under the Share Option Scheme was HK$1.9 per share and was adjusted to HK$1.853 per share on 28 June 2011 as a result of and following the Rights Issue conducted by the Company.

Additional information in relation to the Share Option Scheme is set out in note 21 to the financial statements.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 30 June 2013, details of the interests and short positions in the Shares and underlying shares of the Company of every person other than Directors and chief executives of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of Shares	Approximate percentage of the interest in the Company's issued share capital[1]
Long Positions			
Joy Bright	Beneficial owner	1,146,315, 639[2]	47.10%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228[3]	27.04%
CapitaLand China Holdings Pte Ltd. ("CapitaLand China")	Interest of controlled corporation	658,116,228[3]	27.04%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest of controlled corporation	658,116,228[3]	27.04%
CapitaLand Limited ("CapitaLand")	Interest of controlled corporation	658,116,228[3]	27.04%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest of controlled corporation	658,116,228[3]	27.04%
FV Green Alpha Two Limited ("FV Green")	Beneficial owner	298,566,476[4]	12.27%

Disclosure of Interests *(Continued)*

Notes:

1. The percentage shareholdings are based on a total of 2,433,641,600 shares in issue.

2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright and is 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 has an interest in approximately 40.87% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings is deemed or taken to be interested in the 658,116,228 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 and HK$3.947 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 interim report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any other interests or short positions in the Shares or underlying shares of the Company of any other person other than Directors and chief executives of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

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. Throughout the period from 1 January 2013 to 30 June 2013, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Listing Rules with the exception of Code Provisions A.4.1 and A.6.7 as addressed below.

1. Code Provision A.4.1 — This Code Provision stipulates that all non-executive Directors should be appointed for a specific term, subject to re-election

Mr. Hu Yongmin ("Mr. Hu"), a non-executive Director, was not appointed for a specific term. Mr. Hu was nominated by an investor who subscribed for convertible bonds and warrants issued by the Company on 31 August 2009 to the Board and was appointed as a non-executive Director on 3 September 2009. No service contract was entered into between Mr. Hu and the Company and he did not and will not receive any remuneration as a non-executive Director from the Company. The said investor will continue to have the right to nominate a person to be appointed as a non-executive Director as long as it has an interest in 5% or more of the issued share capital of the Company.

Save for Mr. Hu, all other non-executive Directors and independent non-executive Directors were appointed for a specific term. Since all Directors (including Mr. Hu) are subject to re-election by shareholders of the Company at annual general meetings and at least once every three years on a rotation basis in accordance with the articles of association of the Company, the Company considers that there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

2. Code Provision A.6.7 — This Code Provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

All Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wu Wallis (alias Li Hua), all being non-executive Directors, and Mr. Wang Shi and Mr. Xin Luo Lin, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 20 May 2013 as they were out of town for other businesses. Mr. Wang Shi subsequently resigned as an independent non-executive Director with effect from 31 July 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2013, except for the following deviations:

Model Code Provision A.3(a)

This code provision stipulates that a director must not deal in any securities of the listed issuer on any day which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results.

The Company published its annual results for the financial year ended 31 December 2012 on 25 March 2013 and therefore, the Directors were not permitted to deal in any securities of the Company during the period commencing from 24 January 2013 until 25 March 2013 (the "Black-out Period").

On 4 February 2013, each of Mr. Leow Juan Thong Jason ("Mr. Leow") (a non-executive Director) and Mr. Lucas Ignatius Loh Jen Yuh ("Mr. Loh"), the alternate director to Mr. Lim Ming Yan (a non-executive Director), purchased US$250,000 of the US$200,000,000 Senior Notes. As the US$200,000,000 Senior Notes are listed on the Singapore Exchange Securities Trading Limited and the said purchases were made within the Black-out Period, the purchases of the US$200,000,000 Senior Notes by both Mr. Leow and Mr. Loh are regarded as deviations from Model Code Provision A.3(a).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, except for the redemption of all outstanding US$300,000,000 Senior Notes on 21 June 2013.

UPDATE ON DIRECTORS' INFORMATION

Mr. Lim Ming Yan was appointed as the president, the chief executive officer and a director of CapitaLand (the shares of which are listed on the Singapore Exchange) with effect from 1 January 2013.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2013.

Consolidated Income Statement

for the six months ended 30 June 2013 — unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June 2013 RMB'000	2012 RM`B'000
Turnover	4	**3,049,600**	3,025,421
Cost of sales		**(1,942,390)**	(1,942,002)
Gross profit		**1,107,210**	1,083,419
Other revenue	5	**55,923**	62,641
Other net income/(loss)	5	**168,789**	(7,342)
Selling and marketing expenses		**(114,935)**	(93,439)
General and administrative expenses		**(213,074)**	(147,038)
Other operating income/(expenses)		**26,782**	(3,646)
		1,030,695	894,595
Share of losses of associates		**(1,750)**	(1,405)
Share of profits less losses of joint ventures		**163,504**	(8,698)
Finance costs	6(a)	**(441,212)**	(116,181)
Profit before change in fair value of investment properties and income tax		**751,237**	768,311
Net increase in fair value of investment properties	10	**3,222**	9,952
Profit before taxation	6	**754,459**	778,263
Income tax	7	**(355,892)**	(429,707)
Profit for the period		**398,567**	348,556
Attributable to:			
Equity shareholders of the Company		**356,526**	331,598
Non-controlling interests		**42,041**	16,958
Profit for the period		**398,567**	348,556
Earnings per share	8		
— Basis *(RMB cents)*		**14.65**	13.66
— Diluted *(RMB cents)*		**14.63**	11.40

The accompanying notes form part of this interim financial report.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2013 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	**398,567**	348,556
Other comprehensive income for the period		
Item that will not be reclassified to profit or loss:		
— Revaluation gain on property, plant and equipment	**–**	6,479
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**5,209**	(44,639)
— Cash flow hedge:		
— effective portion of changes in fair value	**(36,567)**	–
— transfer from equity to profit or loss	**42,911**	–
	11,553	(44,639)
Total other comprehensive income for the period	**11,553**	(38,160)
Total comprehensive income for the period	**410,120**	310,396
Attributable to:		
Equity shareholders of the Company	**369,591**	293,583
Non-controlling interests	**40,529**	16,813
Total comprehensive income for the period	**410,120**	310,396

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

The accompanying notes form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2013

(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	**1,940,665**	1,543,351
Investment properties	10	**349,860**	343,600
Interests in associates		**46,167**	47,917
Interests in joint ventures	11	**4,446,942**	5,027,993
Other financial assets		**91,800**	91,800
Deferred tax assets		**133,489**	116,602
		7,008,923	7,171,263
Current assets			
Trading securities		**81,520**	95,498
Properties for sale	12	**8,524,143**	7,930,205
Trade and other receivables	13	**766,038**	503,375
Deposits and prepayments	14	**4,658,027**	3,608,423
Prepaid tax		**121,578**	117,442
Restricted bank deposits	15	**754,031**	972,283
Cash and cash equivalents		**5,224,663**	3,949,775
		20,130,000	17,177,001
Current liabilities			
Bank loans	16	**569,780**	675,000
Other loans	17	**362,846**	739,702
Trade and other payables and accruals	18	**9,761,478**	8,218,322
Receipts in advance		**2,200,157**	2,759,207
Tax payable		**997,386**	1,121,817
		13,891,647	13,514,048
Net current assets		**6,238,353**	3,662,953
Total assets less current liabilities		**13,247,276**	10,834,216

Consolidated Statement of Financial Position *(Continued)*

at 30 June 2013

(Expressed in Renminbi)

	Note	**At 30 June 2013 RMB'000 (unaudited)**	At 31 December 2012 RMB'000 (audited)
Non-current liabilities			
Bank loans	*16*	**1,203,000**	921,500
Other loans	*17*	**917,880**	915,980
Convertible bonds	*19*	**612,453**	587,533
Senior notes	*20*	**4,507,411**	2,730,589
Deferred tax liabilities		**56,044**	55,404
		7,296,788	5,211,006
NET ASSETS		**5,950,488**	5,623,210
CAPITAL AND RESERVES			
Share capital		**215,637**	215,285
Reserves		**5,162,513**	4,954,376
Total equity attributable to equity shareholders of the Company		**5,378,150**	5,169,661
Non-controlling interests		**572,338**	453,549
TOTAL EQUITY		**5,950,488**	5,623,210

The accompanying notes form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2013 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company													
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserve fund RMB'000	Other capital reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve *(Note 21)* RMB'000	Equity component of convertible bonds *(Note 19)* RMB'000	Warrant reserve *(Note 19)* RMB'000	Property revaluation reserve RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013		215,285	1,640,260	894,930	804,286	75,458	25,834	38,765	10,692	6,479	(30,429)	1,488,101	5,169,661	453,549	5,623,210
Changes in equity for the six months ended 30 June 2013:															
Profit for the period		-	-	-	-	-	-	-	-	-	-	356,526	356,526	42,041	398,567
Other comprehensive income		-	-	-	-	6,721	-	-	-	-	6,344	-	13,065	(1,512)	11,553
Total comprehensive income		-	-	-	-	6,721	-	-	-	-	6,344	356,526	369,591	40,529	410,120
Dividends declared and paid	22(b)(ii)	-	-	-	-	-	-	-	-	-	-	(159,840)	(159,840)	-	(159,840)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(18,965)	(18,965)
Appropriation to statutory reserve fund		-	-	95,758	-	-	-	-	-	-	-	(95,758)	-	-	-
Issue of new shares under share option scheme	22(a)	352	9,602	-	-	-	(2,148)	-	-	-	-	-	7,806	-	7,806
Equity settled share-based payment		-	-	-	-	-	(10,716)	-	-	-	-	13,994	3,278	-	3,278
Acquisition of additional interests in subsidiaries	5	-	-	-	(12,346)	-	-	-	-	-	-	-	(12,346)	(9,151)	(21,497)
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	183,965	183,965
Disposal of subsidiaries		-	-	(35,140)	-	-	-	-	-	-	-	35,140	-	(89,089)	(89,089)
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	11,500	11,500
Balance at 30 June 2013		215,637	1,649,862	955,548	791,940	82,179	12,970	38,765	10,692	6,479	(24,085)	1,638,163	5,378,150	572,338	5,950,488

Consolidated Statement of Changes in Equity *(Continued)*

for the six months ended 30 June 2013 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company												
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserve fund RMB'000	Other capital reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve *(Note 21)* RMB'000	Equity component of convertible bonds *(Note 19)* RMB'000	Warrant reserve *(Note 19)* RMB'000	Property revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012		215,185	1,637,759	627,676	804,529	64,805	28,150	43,166	11,906	–	1,209,312	4,642,488	399,264	5,041,752
Changes in equity for the six months ended 30 June 2012:														
Profit for the period		–	–	–	–	–	–	–	–	–	331,598	331,598	16,958	348,556
Other comprehensive income		–	–	–	–	(44,494)	–	–	–	6,479	–	(38,015)	(145)	(38,160)
Total comprehensive income		–	–	–	–	(44,494)	–	–	–	6,479	331,598	293,583	16,813	310,396
Dividends declared and paid	*22(b)(ii)*	–	–	–	–	–	–	–	–	–	(199,343)	(199,343)	–	(199,343)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(30,700)	(30,700)
Appropriation to statutory reserve fund		–	–	63,264	–	–	–	–	–	–	(63,264)	–	–	–
Equity settled share-based payment		–	–	–	–	–	2,944	–	–	–	–	2,944	–	2,944
Acquisition of additional interest in a subsidiary		–	–	–	(243)	–	–	–	–	–	–	(243)	(4,657)	(4,900)
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	55,500	55,500
Balance at 30 June 2012		215,185	1,637,759	690,940	804,286	20,311	31,094	43,166	11,906	6,479	1,278,303	4,739,429	436,220	5,175,649

The accompanying notes form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2013 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Cash generated from/(used in) operation	**354,858**	(175,650)
Income tax paid	**(521,493)**	(435,817)
Net cash used in operating activities	**(166,635)**	(611,467)
Net cash generated from/(used in) investing activities	**46,630**	(542,554)
Net cash generated from financing activities	**1,420,705**	961,697
Net increase/(decrease) in cash and cash equivalents	**1,300,700**	(192,324)
Cash and cash equivalents at 1 January	**3,949,775**	3,255,528
Effect of changes in foreign exchange rate	**(25,812)**	(12,807)
Cash and cash equivalents at 30 June	**5,224,663**	3,050,397

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 financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy change that is expected to be reflected in the 2013 annual financial statements. Details of this change in accounting policy are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Central China Real Estate Limited (the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group") since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 page 73 and 74. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2012 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 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2013.

2 CHANGE IN ACCOUNTING POLICIES

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

— Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
— HKFRS 10, *Consolidated financial statements*
— HKFRS 11, *Joint arrangements*
— HKFRS 12, *Disclosure of interests in other entities*
— HKFRS 13, *Fair value measurement*
— Amendments to HKFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this interim financial report has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

2 CHANGE IN ACCOUNTING POLICIES (Continued)

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 23. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2 CHANGE IN ACCOUNTING POLICIES (Continued)

Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation*, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

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.

(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 People's Republic of China ("PRC").

4 TURNOVER

The principal activities of the Group are property development, property leasing and hotel operation. Turnover of the Group for the period is analysed as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Income from sales of properties	**3,016,818**	3,014,540
Rental income	**11,118**	10,881
Income from hotel operations	**21,664**	–
	3,049,600	3,025,421

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Other revenue		
Interest income	**53,767**	61,230
Dividend income from equity securities	**1,406**	1,411
Others	**750**	–
	55,923	62,641
Other net income/(loss)		
Net exchange gain/(loss)	**22,786**	(14,450)
Net unrealised (loss)/gain on trading securities	**(12,632)**	5,379
Gain on deemed disposal of a subsidiary	**–**	1,640
Gain on disposal of subsidiaries *(note)*	**145,134**	–
Loss on acquisition of further interest in a joint venture	**(1,347)**	–
Net gain on disposal of property, plant and equipment *(note 9)*	**14,627**	58
Compensation from contractors	**221**	31
	168,789	(7,342)

Note: On 17 June 2013, the Group entered into an equity restructuring agreement with non-controlling interests, to acquire additional interests in two subsidiaries and to dispose all the Group's interests in another two subsidiaries. The transactions were completed by 30 June 2013.

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans	**59,669**	55,437
Interest on other loans	**67,791**	88,651
Interest on convertible bonds	**47,313**	26,952
Interest on senior notes	**220,554**	139,851
Other ancillary borrowing costs	**2,136**	5,590
	397,463	316,481
Less: Borrowing costs capitalised	**(193,626)**	(147,162)
	203,837	169,319
Net change in fair value of derivatives embedded to convertible bonds	**–**	(52,414)
Net change in fair value of derivatives embedded to senior notes	**(6,531)**	(724)
Loss on early redemption of senior notes *(note 20(a))*	**243,906**	–
	441,212	116,181
(b) Other item		
Depreciation and amortisation	**34,135**	15,239

7 INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	**253,077**	229,217
PRC Land Appreciation Tax		
— Provision for the period	**195,345**	196,042
— Over-provision in prior periods	**(89,119)**	–
Withholding tax	**12,764**	31,411
	372,067	456,670
Deferred tax		
Revaluation of properties	**640**	2,151
PRC Land Appreciation Tax	**(16,815)**	(29,114)
	(16,175)	(26,963)
	355,892	429,707

(a) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subjected 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.

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

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

Certain PRC subsidiaries were subjected to CIT calculated based on the deemed profit which represents 10% to 15% (six months ended 30 June 2012: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (six months ended 30 June 2012: 25%) on the deemed profit. Other PRC subsidiaries, which were subjected to the audited taxation method, were charged CIT at a rate of 25% (six months ended 30 June 2012: 25%) on the estimated assessable profits for the period.

7 INCOME TAX (Continued)

(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税暫行條例》) 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税暫行條例實施細則》) 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 subjected 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 PRC subsidiaries were subjected to LAT which is calculated based on 1.5% to 4.5% (six months ended 30 June 2012: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

(e) Withholding tax

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

8 EARNINGS PER SHARE

(a) Basis earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB356,526,000 (six months ended 30 June 2012: RMB331,598,000) and the weighted average of 2,433,298,000 shares (six months ended 30 June 2012: 2,428,000,000 shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2013	2012
	'000	'000
Issued ordinary shares at 1 January	**2,429,230**	2,428,000
Effect of exercised share options	**4,068**	–
Weighted average number of ordinary shares at 30 June	**2,433,298**	2,428,000

8 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the period ended 30 June 2013, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB356,526,000 (six months ended 30 June 2012: RMB306,136,000) and the weighted average number of ordinary shares of 2,437,467,000 shares (six months ended 30 June 2012: 2,684,367,000 shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit attributable to equity shareholders	**356,526**	331,598
After tax effect of effective interest on the liability component of convertible bonds	**–**	26,952
After tax effect of gain recognised on derivatives embedded to convertible bonds	**–**	(52,414)
Profit attributable to equity shareholders (diluted)	**356,526**	306,136

(ii) Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2013	2012
	'000	'000
Weighted average number of ordinary shares at 30 June	**2,433,298**	2,428,000
Effect of conversion of convertible bonds	**–**	256,367
Effect of exercise of share options	**4,169**	–
Weighted average number of ordinary shares at 30 June (diluted)	**2,437,467**	2,684,367

The Company's convertible bonds and warrants as at 30 June 2013 and the Company's share option and warrants as at 30 June 2012 do not give rise to any dilution effect to the earnings per share.

(Expressed in Renminbi Yuan unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group's additions in property, plant and equipment amounted to RMB450,318,000 (six months ended 30 June 2012: RMB339,000,000). Items of property, plant and equipment with a net book value of RMB14,005,000 (six months ended 30 June 2012: RMB1,126,000) were disposed of during the six months ended 30 June 2013, resulting a gain on disposal of RMB14,627,000 (six months ended 30 June 2012: RMB58,000).

10 INVESTMENT PROPERTIES

All investment properties of the Group were revalued as at 30 June 2013 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 a market value basis. The investment properties are valued by reference to net income with allowance for reversionary income potential. During the period, the net increase in fair value of investment properties was RMB3,222,000 (six months ended 30 June 2012: RMB9,952,000) and the additions in investment properties of RMB2,528,000 (six months ended 30 June 2012: RMB3,600,000).

11 INTERESTS IN JOINT VENTURES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Share of net assets	**3,665,366**	3,650,135
Amounts due from joint ventures	**781,576**	1,377,858
	4,446,942	5,027,993

Amounts due from joint ventures, except for an amount of RMB85,914,000 (31 December 2012: RMB651,839,000) which is interest bearing at 7.56% (31 December 2012: 7.56%) per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

12 PROPERTIES FOR SALE

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties held for future development and under development for sale	**7,273,093**	6,320,207
Completed properties held for sale	**1,251,050**	1,609,998
	8,524,143	7,930,205

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bills receivables *(note (a))*	**34,560**	7,200
Trade receivables *(note (a))*	**12,032**	20,134
Other receivables	**263,986**	133,223
Amounts due from related companies *(note (b))*	**289,437**	223,053
Amounts due from non-controlling interests *(note (c))*	**121,738**	33,301
Loans to non-controlling interests *(note (d))*	**–**	20,000
Gross amounts due from customers for contract work	**14,085**	14,085
Derivative financial instruments		
— held as cash flow hedging instrument *(notes 20(b) and 23(a))*	**–**	17,267
— other derivatives *(notes 20(a), 20(c), 20(d) and 23(a))*	**30,200**	35,112
	766,038	503,375

13 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) The ageing analysis of bills and trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and all of which are neither individually nor collectively considered to be impaired, is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current	**44,113**	12,347
Less than 1 month overdue	**192**	172
1 to less than 3 months overdue	**372**	130
3 to less than 6 months overdue	**502**	384
6 months to less than 1 year overdue	**318**	592
More than 1 year overdue	**1,095**	13,709
	46,592	27,334

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

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the buyers' 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 buyers 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.

13 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) The amount due from a related company of RMB39,015,000 (31 December 2012: RMB39,015,000) is in relation to sales of properties to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company, in previous years. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB164,620,000 (31 December 2012: RMB101,384,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,770,000 (31 December 2012: RMB77,700,000) represents the management fee paid on behalf of the trust manager of jointly controlled entities, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) The amounts due from non-controlling interests included amounts of RMB15,300,000 (31 December 2012: RMB15,300,000) and RMB17,001,000 (31 December 2012: RMB17,001,000), which are secured by the equity interests of PRC subsidiaries that owned by non-controlling interests, interest-free and recoverable within one year. The remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(d) At 31 December 2012, the loan to non-controlling interests was unsecured, interest-bearing at 13.5% per annum and was fully recovered during the period.

14 DEPOSITS AND PREPAYMENTS

At 30 June 2013, the balance included deposits and prepayments for leasehold land of RMB4,227,492,000 (31 December 2012: RMB3,245,434,000).

15 RESTRICTED BANK DEPOSITS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**221,120**	203,772
— bills payable	**532,911**	661,560
— bank loans *(note 16(b))*	**–**	106,951
	754,031	972,283

16 BANK LOANS

(a) At 30 June 2013, bank loans were repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year or on demand	**569,780**	675,000
After 1 year but within 2 years	**590,000**	412,000
After 2 years but within 5 years	**313,000**	447,500
After 5 years	**300,000**	62,000
	1,203,000	921,500
	1,772,780	1,596,500

(b) At 30 June 2013, bank loans were secured as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bank loans		
— secured	**1,712,780**	1,501,500
— unsecured	**60,000**	95,000
	1,772,780	1,596,500

16 BANK LOANS (Continued)

(b) (Continued)

At 30 June 2013, assets of the Group secured against bank loans are analysed as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties for sale	**1,944,142**	2,458,824
Restricted bank deposits *(note 15)*	**–**	106,951
Property, plant and equipment	**959,790**	683,743
	2,903,932	3,249,518

(c) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, 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, ensures they are 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 2013 and 31 December 2012, none of the covenants relating to drawn down facilities had been breached.

17 OTHER LOANS

(a) At 30 June 2013, other loans were repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year	**362,846**	739,702
After 1 year but within 2 years	**917,880**	868,980
After 2 years but within 5 years	**–**	47,000
	917,880	915,980
	1,280,726	1,655,682

The other loans at 30 June 2013 included:

(1) the loan from a joint venture, Bridge-CCRE Trust I, amounted to RMB80,000,000 (31 December 2012: RMB80,000,000), which is unsecured, interest bearing at 7.125% (31 December 2012: 7.125%) per annum and repayable within one year; and

(2) the loan from a joint venture of RMB460,826,000 (31 December 2012: RMB526,942,000), which is unsecured, interest bearing at 12.8% (31 December 2012: 12.8%) per annum and repayable by 23 September 2014.

At 31 December 2012, the other loans also included the loan from non-controlling interest of RMB39,740,000, which was unsecured, interest bearing at 12% per annum and was fully settled during the period.

17 OTHER LOANS (Continued)

(b) At 30 June 2013, other loans were secured as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Other loans		
— secured	**539,900**	979,000
— unsecured	**740,826**	676,682
	1,280,726	1,655,682

At 30 June 2013, assets of the Group secured against other loans are analysed as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties for sales	**8,690**	267,917
Property, plant and equipment	**270,485**	285,840
	279,175	553,757

18 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bills payables *(note (a))*	**507,978**	636,268
Trade payables *(note (a))*	**2,402,110**	2,575,938
Other payables and accruals	**659,562**	755,890
Amounts due to joint ventures *(note (b))*	**5,901,054**	4,012,191
Amounts due to non-controlling interests *(note (b))*	**271,474**	238,035
Derivative financial instruments		
— held as cash flow hedging instrument *(notes 20(b) and 23(a))*	**19,300**	–
	9,761,478	8,218,322

At 30 June 2013, included in trade and other payables and accruals are retention payable of RMB255,472,000 (31 December 2012: RMB272,032,000) and property maintenance fund of RMB75,256,000 (31 December 2012: RMB65,112,000), which are expected to be settled more than one year.

18 TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Due within 1 month or on demand	**2,635,317**	2,927,942
Due after 1 year	**274,771**	284,264
	2,910,088	3,212,206

(b) The amounts due to joint ventures and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

19 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 and 76,097,561 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.

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.

In addition to the above, the Company and the holders of the convertible bonds may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 at a pre-determined redemption prices.

In November 2012, one of the holders exercised its redemption option to early redeem the convertible bonds with principal amount of HK$78,000,000, and surrendered its 7,758,967 warrants. In addition, the terms of the convertible bonds have been modified as follows:

— remove the early redemption rights of the holders and Company;

— when the convertible bonds matured, a gross yield (8% per annum from date of issuance to 31 August 2012 and 10.5% per annum from 1 September 2012 to maturity date) on an annual compounding basis guaranteed to the holders; and

— adjustment on certain financial covenants.

As a result, the liability component of convertible bonds, which is to be matured in 2014, of RMB612,453,000 (31 December 2012: RMB587,533,000) has been classified as non-current liability in the Group's consolidated statement of financial position at 30 June 2013.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 SENIOR NOTES

Liability Component of the Senior Notes

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
US$300m Senior Notes *(note (a))*	**–**	1,843,725
SGD175m Senior Notes *(note (b))*	**832,013**	886,864
US$200m Senior Notes *(note (c))*	**1,226,786**	–
US$400m Senior Notes *(note (d))*	**2,448,612**	–
	4,507,411	2,730,589

(a) On 20 October 2010, the Company issued senior notes with principal amount of US$300,000,000 due in 2015 ("US$300m 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 pre-determined redemption price. In addition, at any time prior to 20 October 2013, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

In June 2013, the Company early redeemed US$300m Senior Notes in whole. Net loss on the redemption of RMB243,906,000 *(note 6(a))* was recognised in profit or loss during the period.

(b) On 11 April 2012, the Company issued another senior notes with principal amount of SGD175,000,000 due in 2016 ("SGD175m Senior Notes"). The senior notes are interest bearing at 10.75% per annum and payable semi-annually in arrears. The maturity date of the senior notes is 18 April 2016. At any time prior to 18 April 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD175m Senior Notes by swapping the SGD175m Senior Notes principal of SGD175 million into US$137 million. The aggregate national principal amounts of the foreign exchange rate swap contract is SGD175,000,000 and the contract will be matured on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of each reporting period as derivative financial instrument in accordance with the Group's accounting policy.

20 SENIOR NOTES (Continued)

(c) On 21 January 2013, the Company issued senior notes with principal amount of US$200,000,000 due in 2020 ("US$200m Senior Notes"). US$200m Senior Notes are interest bearing at 8% per annum and payable semi-annually in arrears. The maturity date of US$200m Senior Notes is 28 January 2020. At any time and from time to time on or after 28 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 28 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(d) On 22 May 2013, the Company issued senior notes with principal amount of US$400,000,000 due in 2018 ("US$400m Senior Notes"). US$400m Senior Notes are interest bearing at 6.5% per annum and payable semi-annually in arrears. The maturity date of US$400m Senior Notes is 4 June 2018. At any time and from time to time on or after 4 June 2016, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 4 June 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

21 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 the Company's directors and 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, i.e. 6 June 2008. 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.

On 28 June 2011, upon the right issue of the Company, the exercise price of pre-IPO share options was adjusted to HK$2.682 and the number of outstanding share options was adjusted from 28,150,000 to 28,859,380.

21 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(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 the Company's directors and 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. 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.

On 28 June 2011, upon the rights issue of the Company, the exercise price of share options granted on 25 May 2010 was adjusted to HK$1.853 and the number of outstanding share options was adjusted from 20,000,000 to 20,504,000.

(c) Share options granted on 25 July 2011

On 25 July 2011, the Company conditionally granted certain share options to the Company's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 12,500,000 shares of the Company. The exercise price is HK$2.16 per share. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share 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.

(d) Share options granted on 27 March 2013

On 27 March 2013, the Company conditionally granted certain share options to the Company's director and employees. The exercise of these share options would entitle the Company's director and employees of the Group to subscribe for an aggregate of 24,000,000 shares of the Company. The exercise price is HK$2.56 per share. The share option scheme was effective from 27 March 2013. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share 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.

(Expressed in Renminbi Yuan unless otherwise indicated)

21 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(d) Share options granted on 27 March 2013 (Continued)

The weighted average value per share option granted during the year estimated at the date of grant using binomial (Coz, Ross, Rubinstein) model was HK$0.962. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$0.962
Share price	HK$2.56
Exercise price	HK$2.56
Expected volatility	54%
Option life	10 years
Expected dividends	5%
Risk-free interest rate	1.16%

The expected volatility was based on statistical analysis of daily share average prices of Group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

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

	At 30 June 2013	
	Exercise price HK$	Number of options
Outstanding at 1 January	**2.32**	**52,404,620**
Issued during the period	**2.56**	**24,000,000**
Exercised during the period	**2.22**	**(4,411,360)**
Lapsed during the period	**2.68**	**(25,045,980)**
Outstanding	**2.41**	**46,947,280**
Exercisable	**1.89**	**16,147,280**

The share options were exercised on 14 January 2013 and 21 May 2013 and the share prices at the dates of exercise were HK$2.71 and HK$2.43 respectively (six months ended 30 June 2012: not applicable).

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Issue of shares under share option scheme

On 14 January 2013 and 21 May 2013, options were exercised to subscribe for totally 4,411,360 ordinary shares in the Company at a total consideration of HK$9,789,000 (equivalent to RMB7,806,000) of which HK$441,000 (equivalent to RMB352,000) was credited to share capital and the balance of HK$9,348,000 (equivalent to RMB7,454,000) was credited to the share premium account. HK$2,693,000 (equivalent to RMB2,148,000) has been transferred from share-based compensation reserve to the share premium account in accordance with the Group's accounting policy.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interim dividend proposed after the interim period of HK$5.2 cents (equivalent to RMB4.1 cents) (six months ended 30 June 2012: HK$4.5 cents (equivalent to RMB3.7 cents) per ordinary share	**100,000**	89,705

The interim dividend proposed after interim period has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK$8.0 cents (equivalent to RMB6.6 cents) (six months ended 30 June 2012: HK$10.0 cents (equivalent to RMB8.2 cents)) per ordinary share	**159,840**	199,343

Notes to the Unaudited Interim Financial Report *(Continued)*

(Expressed in Renminbi Yuan unless otherwise indicated)

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

		Fair value measurements as at 31 December 2012 using		
	Fair value at 30 June 2013 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable input (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Trading securities:				
— Listed equity securities in Hong Kong	**81,520**	**81,520**	**–**	**–**
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	**14,266**	**–**	**14,266**	**–**
— Redemption call option of US$400m Senior Notes	**15,934**	**–**	**15,934**	**–**
Financial liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contract	**19,300**	**–**	**19,300**	**–**

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2012 RMB'000	Fair value measurements as at 31 December 2012 using: Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable input (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Trading securities:				
— Listed equity securities in Hong Kong	95,498	95,498	–	–
Derivative financial instruments:				
— Redemption call option of US$300m Senior Notes	35,112	–	35,112	–
— Foreign exchange swap contract	17,267	–	17,267	–

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2012: Nil). The Group's policy is to recognised transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of redemption call options of US$200m Senior Notes and US$400m Senior Notes in Level 2 are determined by assessing the difference between the fair value of the senior notes by quoted price and the pure bond value.

The fair value of forward exchange swap contract in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant interest rate swap and cross currency basis swap yield curve as at the end of the reporting period plus an adequate credit spread.

(b) Fair values of financial instruments carried at other than fair value

The fair values of these financial instruments are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2013 and 31 December 2012. Amounts due from/(to) associates, joint ventures, non-controlling interests and related companies are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

24 COMMITMENTS

Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report are as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties under development undertaken by the Group		
Authorised but not contracted for	**15,553,640**	16,155,114
Contracted but not provided for	**3,080,774**	2,993,503
	18,634,414	19,148,617

24 COMMITMENTS (Continued)

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties under development undertaken by joint ventures attributable to the Group		
Authorised but not contracted for	**1,235,876**	939,209
Contracted but not provided for	**729,906**	344,308
	1,965,782	1,283,517

25 CONTINGENT LIABILITIES

(a) Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's and joint ventures' properties:

The Group and joint ventures provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the date of grant of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2013 are as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**4,498,809**	5,369,372
— the joint ventures' properties (the Group's shared portion)	**977,702**	724,371
	5,476,511	6,093,743

25 CONTINGENT LIABILITIES (Continued)

(a) Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's and joint ventures' properties: (Continued)

The Directors do not consider it probable that the Group and joint ventures will sustain a loss under these guarantees during the period under guarantee as the Group and joint ventures have not applied for individual property ownership certificates for these buyers and can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group/joint ventures to the banks. The Group and joint ventures have 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 and joint ventures in the event that the buyers default payments to the banks.

(b) Guarantees given to financial institutions for a bank loan granted to a joint venture:

The Group provided guarantees to a bank loan of a joint venture amounting to RMB590,000,000 as at 30 June 2013 (31 December 2012: RMB Nil).

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial report, major related party transactions entered by the Group during the six months ended 30 June 2013 are as follows:

		Six months ended 30 June	
		2013	2012
	Note	**RMB'000**	RMB'000
Interest income from joint ventures	*(a)*	**26,378**	22,997
Interest income from non-controlling interests	*(a)*	**1,350**	5,084
Interest income from related parties	*(a)*	**–**	6,125
Project management fee income from joint ventures	*(b)*	**22,000**	5,000
Interest expenses to non-controlling interests	*(c)*	**–**	(1,810)
Interest expenses to joint ventures	*(c)*	**(35,550)**	(20,676)
Trust management fee expense to a related party	*(d)*	**–**	(7,163)
Directors' remuneration	*(e)*	**(2,829)**	(7,645)

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

(a) The amounts represent interest income in relation to advances to joint ventures, non-controlling interests and related parties.

(b) The amounts represent project management fee received from joint ventures for the management of property development projects during the period.

(c) The amounts represent interest expenses in relation to loans from non-controlling interests and joint ventures.

(d) The last period amount represented trust management fee paid to the trust manager of a joint venture, Bridge Trust Company Limited.

(e) The directors' remuneration during the period are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Directors' fees	**191**	321
Salary and other emoluments	**2,498**	6,948
Contribution to retirement benefit schemes	**33**	46
Share-based payment	**107**	330
	2,829	7,645

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 37 to 72 which comprises the consolidated statement of financial position of Central China Real Estate Limited as at 30 June 2013 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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, *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 (CONTINUED)
(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 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

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

23 August 2013