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

根植中原造福百姓 胡葆森

From the land of Henan,
for the people of China

2014 Interim Report

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 (resigned on 29 August 2014)

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Xin Luo Lin
Mr. Muk Kin Yau

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. Kwok Pak Shing

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block E, Jianye Office Building
Nongye East 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 22 years, we have continued to guide 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 enterprises relate to the society in the same way as trees relate to the earth. 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.

The Company positions itself as a facilitator of urbanisation and all-round social progress for Henan Province. Having taken root in Henan Province for 22 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 by integrating internal and external service resources, such as community services, call centre, the Supreme Card (至尊卡), football, education, commerce, hotel, cultural travel and green base, 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 22 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 calibre 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 21 county level cities. As at 30 June 2014, the Company had completed development projects with an aggregate gross floor area ("GFA") of approximately 12.28 million square metres ("sq.m.") and owned 34 projects/phases under development with GFA of approximately 3.87 million sq.m. under development and land reserves with GFA of 19.62 million sq.m., including equity-owned GFA of 16.71 million sq.m.. During the reporting period, GFA measured approximately 1.32 million sq.m. for newly commenced projects and 0.97 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 "2014 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 19 March 2014, the Company was ranked 26th among the "Top 500 Chinese Property Developers in 2014", topped the list of "Top 10 Chinese Property Developers in Regional Operations" for the sixth year in a row and repeatedly ranked in top 5 operations performance among the listed property companies in China, being the only central China based property developer among the top 30 and the top real estate developer in Henan.

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 2014.

The global economy has recovered and grown since 2014. Positive signs of recovery in the U.S. economy entailed progressive withdrawal of the impacts of the 2008 financial crisis as well as weakening of the impacts of the European debt crisis. In contrast with the performance of developed economies, the emerging economies, the key engine pulling the world economy forward in face of the crises, have decelerated; and China has managed to slow down its economic growth for implementing a far-reaching structural reform. The adoption of the "New Normal" concept by the PRC government for the first time has implied that policy formulation will target on "long-term development" instead of responsive measures to address short-term economic fluctuation. In addition, statistical analyses reflected that the Chinese economy is operating within a reasonable range.

Since the beginning of this year, the property market in China has had a higher degree of uncertainty, and thus raising a series of questions, such as "Will the property market in China collapse?", "Will the property market drag down the Chinese economy?", "Will the property prices drop?", "How many developers are the shakeouts in the property slump?". Divergence in predictions and arguments has stirred anxiety among consumers and industry players. As such, I, recently, have issued an article titled "The Past, Present and Future of the Property Industry in China" which is a summary of my observation and analysis of the development of the industry as well as an interim review of the industry. As stated in the article, I am of the opinion that the property market in China has progressively entered into a stage of rationality and maturity after a period of over 25 years of long-term development during which the property market has undergone the initial stage, trial-and-error stage, up-and-down stage and adjustment stage. Upon entering into a stage of steady growth, the distinguishable characteristics of the current market position is "sub-divisions" in several aspects, namely: (1) sub-division of market; (2) sub-division of developer; (3) sub-divisions of product and business model. On this basis, I consider that enormous driving force from informatisation, industrialisation, agricultural modernisation and urbanisation has not made any fundamental changes on the "base" for steady growth in the Chinese property market. The Chinese property industry is expected to grow steadily in the coming 15 to 20 years based on the predictability of the fundamental factors, i.e. the fundamental nature and characteristics of the industry.

In consistent with the market development, the Company achieved a steady growth in the first half of 2014 as compared with that in the same period last year. Contracted sales of the Company amounted to RMB6.6 billion, representing an increase of 7.3%, while GFA sold exceeded 0.96 million sq.m. In addition, the Company continued to gain grounds in integrated strengths, as it maintained the position of the 26th among the "Top 500 Chinese Property Developers 2014," 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.

The Company has persisted in its corporate culture and emphasised that products and services are put on high priority in the ordinary course of business. In 2014, the Company has upgraded the serialisation and standardisation of our products, enhanced products' quality as well as nurtured new core competitiveness. In addition, the Company organised a "2014 Loyal Property Owner Appreciation Event" in the first half of 2014, and such event with 20,000 participants has gained good reputation in the society, effectively consolidating our brand's leading position in the region and facilitating sales growth. Furthermore, green architecture has achieved progress in substance and integration of internal service resources has been progressive, clearing the way for constructing our mega service regime and formulating our targets, and thus securing a richer resources.

On 15 May 2014, the Company entered into a purchase agreement with DBS Bank Ltd., Morgan Stanley & Co. International plc and Credit Suisse (Singapore) Limited in connection with the issue of the SGD200 Million Senior Notes (as defined below). Recognition of our corporate strategies in capital market has been repeatedly reflected in the relatively low financing costs. With the support of on-shore and off-shore financing platforms as well as substantial increase in operations capability, the Company was able to acquire land parcels as planned at a relatively low price, increasing our land reserves by approximately 2.68 million sq.m. in the first half of the year.

2014 is a year of transformation and differentiation for the property industry. Understanding of the maturity of the industry has compelled us to study the structural adjustment in the market as well as the value of the outcome of differentiation and sub-divisions thoroughly. The "bullish" property market in extensive development stage is over, "pre-sales at commencement of construction" and "fat profit guaranteed as long as you are property developer" no longer exist. In contrast, under the environment with so-called "uncertainties", it is believed that "healthy" developers are able to deliver brilliant results to investors at the end of the year, and regardless of the tier, as long as the cities with demands for property from end-users, sales of properties would be satisfactory. In conclusion, if the period of the past 25 years is the "first half" of the development of the Chinese property market, the period of the coming 20 years will be the "second half". In future, general conclusions should be difficult to draw whether the economy is in boom or in gloom, property price will rise or fall, developers grow or decline or property sales are good or bad, as the era of sub-divisions has come and this is the outcome of predictable change.

It is our usual practice taking a long-term perspective to formulate development strategies of the Company, we will continue to restrain instant benefits for long-term business, and operate the Company in a concrete and effective way for future development. Our people should have the quality of vigilance, diligence, persistence and excellence. As such, corporate strategies could be implemented in an extensive as well as intensive manner; our goal of expansion across the country could be achieved in 30 years; our talents could deliver our objectives that we long for, i.e. creating wealth and earning 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 remain 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 Henan province, enhancing our contributions to the healthy and sustainable development of China's real estate industry as we head into the future of the Company's operation.

Wu Po Sum
Chairman

19 August 2014

Management Discussion and Analysis

I. REVIEW OF OPERATIONS

(I) Market and Operations Review

(1) The macro-economic landscape

In the first half of 2014, uncertainties remained in the prospect of global economic recovery. Confronted with complicated economic conditions at home and abroad, the PRC government facilitated ongoing and healthy economic growth through intensified reforms on all fronts, broader opening-up policy and innovation. For the first half of 2014, China's GDP amounted to RMB26,904.4 billion, representing a year-on-year growth of 7.4%.

For the first half of 2014, Henan sustained stable economic growth as it endeavoured to create a core growth hub in the central China economic zone with the development of the Zhengzhou Aviation Port Economic Integration Trial Zone. For the first half of 2014, Henan recorded GDP of RMB1,577.9 billion, representing a year-on-year growth of 8.8%, which was 1.4 percentage points above the national growth rate.

(2) The property market

For the first half of 2014, China was increasingly focused on the stability of property control policies, with an emphasis on control over both the supply end and the demand end and differentiated instructions for different sub-segments. For the first half of 2014, sales of commodity housing in the nationwide property market amounted to 483,650,000 sq.m., a year-on-year decline of 6.0%, with a total sales amount of RMB3,113.3 billion, a year-on-year decline of 6.7%.

As the principal market for the Company's business development, the Henan property market outperformed the national average level, as driven by accelerated development of the central China economic zone and urbanisation in the region. For the first half of 2014, sales of commodity housing in Henan property market amounted to 28,280,000 sq.m., a year-on-year growth of 15.5%, with a total sales amount of RMB128.0 billion, a year-on-year growth of 17.5%.

(II) Project Development

During the reporting period, the Company achieved stable growth in business results thanks to efforts to expand its presence in the core market, step up with product innovation and upgrade and intensify the building of its service segment. During the reporting period, the Company commenced projects with an aggregate GFA of 1,317,269 sq.m. and completed projects with an aggregate GFA of 654,711 sq.m., as it acted in tandem with the economic cycle based on accurate judgement on market conditions in a composed response to changes in the market.

(1) Development schedule

During the reporting period, the Company commenced construction of 16 projects/phases with newly commenced GFA of 1,317,269 sq.m., which represented slight adjustments of the plan set out at the beginning of the year, as the Company adjusted the pace of project development mainly in response to market situations.

Geographical breakdown of newly commenced projects for the first half of 2014

Location	Newly commenced GFA (sq.m.)
Zhengzhou	27,327
Other cities in Henan Province	1,289,942
Total	**1,317,269**

As at 30 June 2014, the Company had 34 projects/phases under development with total GFA of approximately 3,865,169 sq.m., including 3 projects/phases in Zhengzhou City and 31 projects/phases in other cities of Henan Province.

Geographical breakdown of projects under development as at 30 June 2014

Location	GFA under development (sq.m.)
Zhengzhou	397,425
Other cities in Henan Province	3,467,744
Total	**3,865,169**

During the reporting period, the Company completed 13 projects/phases with total completed GFA of 654,711 sq.m..

City	Development Project	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-sold/ sold GFA (sq.m.)
Zhengzhou	Zhengxi U-Town Phase I	48,982	48,982	29,931
Kaifeng	Dongjingmenghua	20,319	5,808	2,845
Luoyang	Sweet-Scented Osmanthus Garden Phase I	52,906	52,906	35,923
Pingdingshan	Sweet-Scented Osmanthus Garden Phase II (Batch II)	51,428	51,428	29,525
Pingdingshan	Baofeng Forest Peninsula Phase I	52,953	52,953	30,407
Anyang	Sweet-Scented Osmanthus Garden Phase I	60,947	59,160	14,476
Shangqiu	Eighteen Cities Phase I	66,889	50,236	45,974
Zhoukou	Forest Peninsula Phases IV & V	15,052	7,487	4,659
Zhumadian	Eighteen Cities Phase I	9,431	7,914	4,713
Nanyang	Forest Peninsula Phase III	42,121	42,121	36,436
Jiyuan	Code One City Phase IV	92,490	92,490	60,651
Jiyuan	U-Town Phase I	28,430	28,430	8,425
Xuchang	Yanling Eco-City Phase 1	112,763	112,763	47,152
Total		**654,711**	**612,678**	**351,117**

(2) Sales Schedule

The aggregate GFA sold/pre-sold by the Group during the reporting period was 967,328 sq.m., with an aggregate amount of RMB6.62 billion received from sale/pre-sale, representing increases of 6.6% and 7.3%, respectively, over the same period last year.

Geographical breakdown of GFA sold/pre-sold for the first half of 2014

Location	Approximate saleable GFA sold (sq.m.)	Approximate total amount (RMB'000)
Zhengzhou	95,022	1,696,314
Other cities in Henan Province	872,306	4,922,867
Total	**967,328**	**6,619,181**

(III) Land reserves

During the reporting period, the Group acquired land reserves with a GFA of 2.48 million sq.m. through public land auctions and land reserves with a GFA of 0.2 million sq.m. through equity acquisitions. As at 30 June 2014, the Group had land reserves with a total GFA of 19.62 million sq.m. and obtained the state-owned land use certificates in respect of sites with a total GFA of 15.48 million sq.m.

1. Public Land Auctions

On 3 January 2014, 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 to Guihua Road, west to Xueyuan Road, south to Yuhong Road and north to Houxun 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 approximately RMB76 million. The land parcel has a site area of 31,491 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 8 January 2014, Jiaozuo Central China Real Estate Company Limited* (河南建業置地焦作有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the north of Guihua Longyuan Road, south of Taichi Sports Centre, west of Wengjian River and east of Sewage Treatment Plant in Jiaozuo City in a listing for sale process held by Jiaozuo City Land and Resources Bureau* (焦作市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB511 million. The land parcel has a site area of 130,886 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.35.

On 17 January 2014, Puyang Central China Real Estate Company Limited* (濮陽建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the north of Dianchang Road, the south of Zhannan Road, the west of Beiguan Road and the east of Huangbin Village in a listing for sale process held by Puyang County Real Estate Trading Centre* (濮陽縣地產交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB82 million and RMB103 million, respectively. Land parcel No. 2013-12 has a site area of 54,405 sq.m., a mandatory detailed planned plot ratio of 2.8–3.2 (for commercial and residential use) and a mandatory detailed planned plot ratio of 2.2–2.7 (for residential use); land parcel No. 2013-13 has a site area of 68,807 sq.m. and a mandatory detailed planned plot ratio of 2.8–3.2.

On 21 January 2014, Zhumadian Central China Real Estate Company Limited* (駐馬店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 southeastern end of the junction of Tongshan Avenue and Jinque Road in Zhumadian City in a listing for sale process held by Zhumadian City Public Resources Trading Centre* (駐馬店市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB99 million. The land parcel has a site area of 49,672 sq.m. and a mandatory detailed planned plot ratio of 2.8–4.5.

On 24 January 2014, Central China Real Estate Group (Lingbao) Company Limited* (建業住宅集團(靈寶)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 northeastern end of the junction of Shuangtian Road and Chuangye Road in Lingbao City in a listing for sale process held by Lingbao City Real Estate Trading Centre* (靈寶市地產交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB39 million. The land parcel has a site area of 29,132 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

On 6 March 2014, Zhengzhou Central China Lvyuan Real Estate Company Limited* (鄭州建業綠源置業有限公司), a 70%-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the south of Lvyuan Road, the north of Lvhuan Road and the east of Tianyi Street in Zhengzhou City 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 prices for the acquisitions were RMB303 million and RMB10 million, respectively. Land parcel No. (2014)24 has a site area of 99,603 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0; land parcel No. (2014)28 has a site area of 8,534 sq.m., both being street land with ratio of green space of not less than 20%.

On 30 April 2014, Gongyi New Town Real Estate Company Limited* (鞏義新城置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the west of Zijing Road, the south of Fuxi Road and the north of Xueyuan Road in Gongyi City in a listing for sale process held by Gongyi City Land and Resources Bureau* (鞏義市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB33 million and RMB140 million, respectively. Land parcel No. 2013-41 has a site area of 18,233 sq.m. and a mandatory detailed planned plot ratio of 1.0–4.0; land parcel No. 2013-42 has a site area of 56,643 sq.m. and a mandatory detailed planned plot ratio of 1.0– 3.2.

On 9 May 2014, Xinxiang City Central China City Construction Company Limited* (新鄉市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 south of Pingyuan Avenue, the east of Hengshan Road, the north of Danjiang Road and the west of Jingjiu Road in Pingyuan New District, Xinxiang City in a listing for sale process held by Yuanyang County Land and Resources Bureau* (原陽縣國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB55 million. The land parcel has a site area of 45,328 sq.m. and a mandatory detailed planned plot ratio of 1.2–2.0.

On 5 June 2014, Luohe Central China Real Estate Company Limited* (漯河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 Taibaishan Road and the south of Jialingjiang Road in Xicheng District in Luohe City through the online listing trading system for transfer of state-owned land use rights in Luohe City. The purchase price for the acquisition was RMB156 million. The land parcel has a site area of 54,629 sq.m. and a mandatory detailed planned plot ratio of 1.0-2.2.

On 19 June 2014, Huaxian Central China City Development Company Limited* (滑縣建業城市發展有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of five land parcels located at the north of Huazhou Avenue, the south of Dayunsi Road, the west of Songshan Road and the east of Jianye Road in Huaxian County in a listing for sale process held by Huaxian County Public Resources Trading Centre* (滑縣公共資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB34 million, RMB21 million, RMB21 million, RMB33 million and RMB33 million, respectively. Land parcel No. 2014-C6 has a site area of 45,560 sq.m., land parcel No. 2014-C7 has a site area of 28,639 sq.m. and land parcel No. 2014-C8 has a site area of 28,609 sq.m., mandatory detailed planned plot ratio of the three land parcels is 1.5-3.0; land parcel No. 2014-C9 has a site area of 44,563 sq.m. and land parcel No. 2014-C10 has a site area of 44,625 sq.m., mandatory detailed planned plot ratio of the two land parcels is 2.0-3.0.

2. Equity Acquisitions

On 19 March 2014, the Company, through Kaifeng Central China Enterprise Management Consultancy Company Limited* (開封市建業企業管理諮詢服務有限公司), a 85%-owned subsidiary of the Company, entered into an investment cooperation agreement with Kaifeng Luda Expressway Development Management Company Limited* (開封市路達高速公路開發管理有限公司) to obtain 51% equity interest in Kaifeng Luda Real Estate Company Limited* (開封市路達置業有限公司) at a consideration of RMB51 million. Kaifeng Luda Real Estate Company Limited* (開封市路達置業有限公司) owns the land use rights of a land parcel with a site area of 66,663 sq.m. and a mandatory detailed planned plot ratio of not more than 2.5.

3. Land reserves acquired after the reporting period

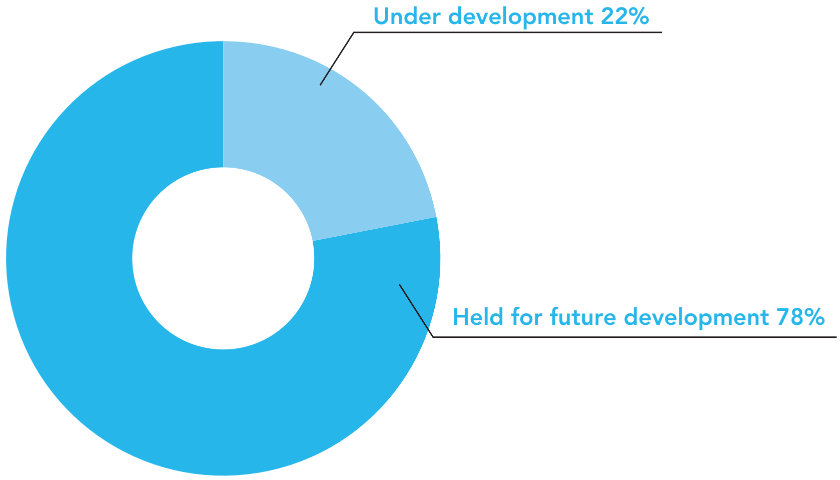
The Group acquired further land reserves after the reporting period but before the date of this interim report through equity acquisitions, details of which are set out as follows:

On 3 July 2014, the Company entered into an investment cooperation agreement with Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) to acquire 100% equity interest in Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) at a consideration of RMB68 million. Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) owns the land use rights of a land parcel with a site area of 14,106 sq.m. and a mandatory detailed planned plot ratio of 3.0-3.6.

4. **Distribution of land reserves**

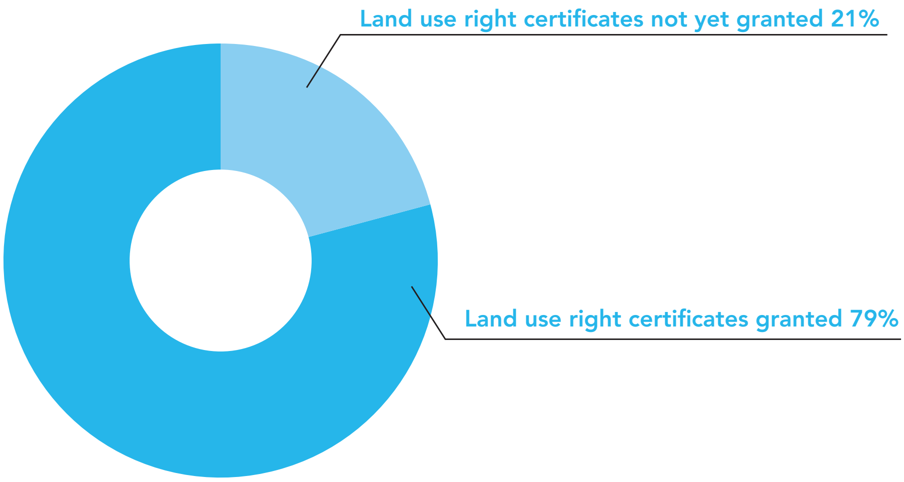
   1. **Distribution of the Company's land reserves by current development status**

Fig: percentage of land under development and land held for future development to the Company's land reserves (as at 30 June 2014)



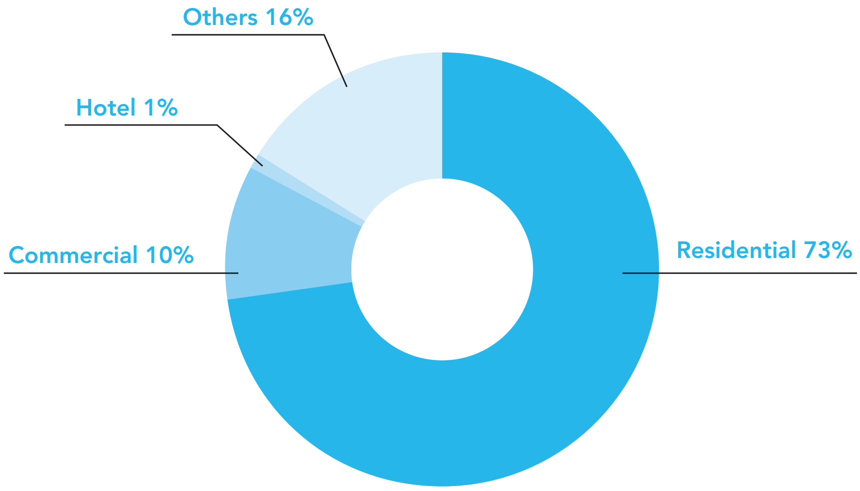
   2. **Distribution of the Company's land reserves by land use right certificates**

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 2014)



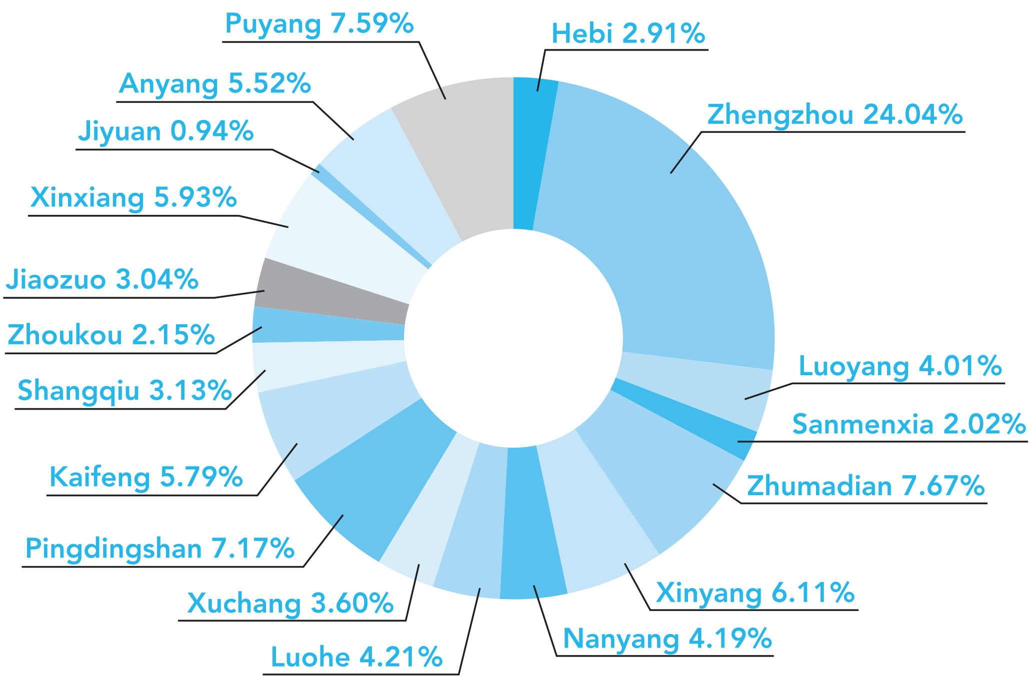
3. **Distribution of the Company's land reserves by property types**

Fig: Distribution of property types (as at 30 June 2014)



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

Fig: Distribution of land reserves by cities (as at 30 June 2014)



(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we ensured the strong competitiveness of our products by continuously fine-tuning our traditional products in the new markets to enhance the quality of our existing product series while offering new products in the traditional markets on an ongoing basis to maintain a vibrant product line. We also maintained sustainable development for our products in the long term in adherence to the green development philosophy. Meanwhile, we continued to drive the process of commercialisation as we closely monitored the latest changes and developments in the industry.

1. Architectural design

During the reporting period, we continued to improve and upgrade the overall quality of our existing product lines by refining our designs and optimising our costs under the control of a standardised management process. In line with our “green, low-carbon and energy-saving” principles in sustainable development, we advocated our green architecture in further regions in the province. We also continued to leverage new building technologies with the introduction of house ventilation systems to all product lines as a solid move to improve home quality for owners.

2. Serialisation, standardisation and commercialisation

With the extensive implementation of serialisation and standardisation, the Company continued to monitor their implementation and the feedback thereof from the market and sought to optimise the positive results of the serialisation and standardisation of existing products during the reporting period. Keeping abreast of market trends and always focusing on the needs of people, we ensured the advanced nature and suitability of our products and showed our care for the owners through attention to details for ongoing perfection of owners’ experience.

We continued to construct new Jianye projects during the reporting period, including fourth-generation products, large-scale urban complex (the series of Jianye Eighteen Cities)and large residential projects in suburban area. Meanwhile, we explored further in our research efforts and completed the research on “New Jianye”, our new product series, to instill new vigor in the Jianye product series. Implementation of the new series has already begun.

We continued to monitor the latest changes and developments in the industry. Following a lengthy period of preliminary investigation and research, the development of the industry chain for residential properties has entered a stage of substantive progress, as we have joined forces with major building construction companies to develop a production base for the industry chain of residential properties.

(V) Customer Service and Customer Relations

In the reporting period, we commenced the "CCRE's Personal Tailor" project in connection with our core task of building the "mega service regime" in line with our working principle of **reassuring objectives, enhancing implementation, bold innovation and solid implementation**. This project has facilitated interaction and synergy among resources of our various segments such as property, the Supreme, football, education, commerce, hotel, green base and cultural tourism and has effectively enhanced the standard of our fundamental services.

In accordance with the "CCRE's Personal Tailor" directive drafted by Mr. Wu Po Sum, our Chairman, earlier during the year, the Company started to develop a "Big Database" administrative system with customer information management and financial payment functions based on the Internet-based model for development and the third-party payment functions inherent in the Supreme Card during the reporting period. We intend to build this system into a data management back office for the mega service regime and an information hub that connects the internal and external resources of the mega service regime. Meanwhile, the Company made dedicated efforts to drive in-depth communication with our resource segments such as property, hotel, commercial and football, leveraging the Internet to investigate matching channels between the resource segments and the Supreme Card in order to bring complementary service resources into play within the mega service regime.

While focusing on the development of the mega service regime, the Company also continued to enhance fundamental services in the reporting period, making ongoing improvements to customer service standards and boosting operational and service standards at all segments through evaluation of individual tasks in sales, engineering, property, design and customer service to enhance customers' experience on all fronts. Special seminars were held in respect of the joint property inspection upon delivery, while inspection standards for commercial properties and properties with fine decoration were formulated with improvements to existing residential property inspection standards, such that delivery of properties was further standardised and refined. Moreover, the Company has broadened its online community service channels, such as the 9617777 website, instant messenger and smart phone apps, on top of its 9617777 service hotline, in order to provide solutions for a privileged and convenient lifestyle that would enhance customer satisfaction.

II. BUSINESS OUTLOOK

(I) Market Outlook

(1) The macro-economic landscape

While prospects of the global economy have improved, the recovery remains feeble and subject to numerous uncertainties. Meanwhile, the Chinese economy has been undergoing three phases all at once: the phase of growth moderation, the phase of inflicting structural corrections and the phase of previous stimulus policies taking effect. Confronted with the new scenario of the Chinese economy, the government has remained composed and conducted proactive micro-stimulus measures such as structural tax concessions, fiscal expansion, increased investment in infrastructure and selective lowering of benchmark rates. The Company expects the Chinese economy will be stable in the second half of 2014.

In recent years, with the full implementation of 3 national strategies relating to the development of the central China economic zone, Zhengzhou Aviation Port Zone and core food production zone and the advancement of new urbanisation in a scientific manner, Henan has been enjoying an increasing drive force for economic growth and stronger competition edge in the regional economy. The Company expects Henan's economic growth will continue to be higher than the average of China in 2014.

(2) The property market

The government's policy of building a long-term, market-oriented mechanism to regulate the property market with differentiated measures for different regions and property types should be conducive to the stable and healthy development of the market. The Company expects further differentiation among local property markets of different cities in the second half of 2014, with increasingly frequent adjustments in local policies for property market regulation. Under the principle of "two-way control", end-user demand will be encouraged and may provide a break for cities subject to risks relating to the destocking of residential units.

With the implementation of various favourable policies, Henan's competitive edge in terms of geographic location, transportation and population resources will become more evident and the pace of its industrial restructuring and urbanisation will be hastened, providing long-term support for the development of its property market. The Company expects the property market in Henan Province will continue to enjoy stable development in the second half of 2014.

(II) Business Planning

In the second half of 2014, the Company will continue to put quality as top priority and enhance our operational efficiency. In addition, the Company will sharpen competitive edges of its new business by capitalising our existing competitiveness, so as to ensure the achievement of our targeted annual results and lay a concrete foundation for sustainable and healthy development.

(1) Construction plans

In the second half of 2014, the Company expects to commence construction of a total of 20 projects or phases, with a GFA of 2,274,983 sq.m.

Geographical breakdown of commencement of construction in the second half of 2014

Location	Total GFA (sq.m.)	Percentage (%)
Zhengzhou	645,657	28%
Other cities in Henan Province	1,629,326	72%
Total	**2,274,983**	**100%**

(2) Completion plan

The Group expects to complete 28 projects (phases) with a completed GFA of 1,641,799 sq.m. in the second half of 2014.

Expected Completion in the Second Half of 2014

City	Project or Phase	Expected completed GFA (sq.m.)
Zhengzhou	Zhongmou Grange	14,140
Zhengzhou	Spring Time Phase I	50,973
Zhengzhou	Tianzhu Phase I	18,831
Zhengzhou	Zhengxi U-Town Phase I	50,716
Luoyang	Sweet-Scented Osmanthus Garden Phase I	80,342
Kaifeng	Dongjingmenghua Banmuyuan — Dongyuan	50,942
Kaifeng	Dongjingmenghua Banmuyuan — Xiyuan	11,043
Luohe	Code One City Phase IV	70,527
Nanyang	Forest Peninsula Phase IV	110,306
Xuchang	Forest Peninsula Phase III	100,271
Xuchang	Changge Sweet-Scented Osmanthus Garden Phase I	45,087
Sanmenxia	Code One City Phase II	75,709
Sanmenxia	Lingbao Forest Peninsula Phase I	12,700
Jiaozuo	Forest Peninsula Phase V	30,537
Pingdingshan	Wugang Forest Peninsula Phase II	48,740
Pingdingshan	Sweet-Scented Osmanthus Garden Phase II (Batch II)	56,462
Pingdingshan	Baofeng Forest Peninsula Phase II	53,403
Zhumadian	Eighteen Cities Phase I	45,756
Zhumadian	Eighteen Cities Phase II	71,240
Zhumadian	Xiping Forest Peninsula Phase I	50,710
Zhumadian	Suiping Forest Peninsula Phase II	55,939
Hebi	Sweet-Scented Osmanthus Garden Phase I	116,987
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden Phase II	60,239
Puyang	Sweet-Scented Osmanthus Garden Phase I	100,899
Jiyuan	U-Town Phase I	78,832
Xinyang	Code One City Phase I	94,469
Xinyang	Pipashan Jianye City Phase I	76,700
Shangqiu	Zhecheng U-Town Phase I	9,299
Total		**1,641,799**

III. FINANCIAL ANALYSIS

Turnover: Our turnover increased by 0.7% to approximately RMB3,072 million for the six months ended 30 June 2014 from approximately RMB3,050 million for the same period of 2013, primarily due to the growth in rental income and revenue from hotel operations.

- **Income from sales of properties:** Turnover from property sales slightly decreased to approximately RMB2,965 million for the six months ended 30 June 2014 from approximately RMB3,017 million for the same period of 2013, due to a decrease in sold area from 554,760 sq.m. for the six months ended 30 June 2013 to 490,883 sq.m. for the six months ended 30 June 2014, but average selling price increased to RMB6,040 per sq.m. in the first half of 2014 from approximately RMB5,438 per sq.m. for the same period of 2013. The increase in average selling price was primarily the result of the change of product mix.

- **Rental income:** Turnover from property leasing significantly increased by 374.8% to approximately RMB53 million for the six months ended 30 June 2014 from approximately RMB11 million for the same period of 2013, such increase was due to rental income from shopping malls upon their opening.

- **Revenue from hotel operations:** Turnover from hotel operations increased by 149.5% to approximately RMB54 million for the six months ended 30 June 2014 from approximately RMB22 million for the same period of 2013. The increase was due to the opening of *Le Méridien Zhengzhou* in the second half of 2013.

Cost of sales: Our cost of sales decreased by 7.9% to approximately RMB1,789 million for the six months ended 30 June 2014 from approximately RMB1,942 million for the same period of 2013. The decrease in cost of sales is substantially in line with the 11.5% decrease in sold area in property sales as mentioned above.

Gross profit: As a result of the aforesaid changes in turnover and cost of sales, our gross profit increased by 15.8% to approximately RMB1,283 million for the six months ended 30 June 2014 from approximately RMB1,107 million for the same period of 2013, while our gross profit margin increased from 36.3% for the six months ended 30 June 2013 to 41.8% for the six months ended 30 June 2014.

Other revenue: Other revenue from operations decreased by 41.1% from approximately RMB56 million to approximately RMB33 million for the period, primarily due to a decrease in interest income from advances to related parties and third parties.

Other net (loss)/income: Other net loss of approximately RMB42 million for the period was primarily attributable to the net exchange loss and the unrealised mark-to-market loss incurred by trading securities.

Selling and marketing expenses: Selling and marketing expenses increased by 49.9% from approximately RMB115 million to approximately RMB172 million. The increase was primarily due to increased advertising and promotional expenses associated with our new projects and hotel operations, and the increased salaries, other benefits and commissions paid to our sales and marketing staff.

General and administrative expenses: General and administrative expenses increased from approximately RMB213 million to approximately RMB241 million, an increase of 12.9%, mainly due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our hotel assets.

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: Share of profits less losses of joint ventures decreased by 76.4% to approximately RMB39 million from approximately RMB164 million for the period, primarily due to a decrease in the recognition of revenue of joint ventures. The revenue of the Group's joint ventures amounted to approximately RMB921 million (same period of 2013: RMB1,405 million), representing sales of 121,462 sq.m. (same period of 2013: 170,610 sq.m.) for the period, in which revenue of RMB468 million (same period of 2013: RMB799 million), representing sales of 61,605 sq.m. (same period of 2013: 92,271 sq.m.), was attributable to the Group.

Finance costs: Finance costs decreased by 70.4% to approximately RMB130 million from approximately RMB441 million for the period. Since no loss was incurred in this period from early redemption of senior notes as was the case in the first half of 2013, the financial costs decreased significantly when compared to the same period of 2013.

Income tax: Income tax comprises corporate income tax, land appreciation tax and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax increased by 13.2% from approximately RMB356 million to approximately RMB403 million for the period. Effective tax rate slightly increased from 47.2% to 49.0% for the period, which is mainly due to an increase in profit margin.

Profit for the period: As a result of the foregoing, our profit for the six months ended 30 June 2014 increased by 5.3% to approximately RMB420 million from approximately RMB399 million for the same period in 2013.

Financial resources and utilisation: As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB6,730 million (31 December 2013: RMB4,813 million). During the reporting period, the Group distributed a dividend of approximately RMB210 million (Same period of 2013: RMB160 million).

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 2014, we successfully issued the senior notes with principal amount of SGD200,000,000 at a coupon rate of 6.5% due 2017 (the "SGD200m Senior Notes"). As at 30 June 2014, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	**As at 30 June 2014 RMB'000**	As at 31 December 2013 RMB'000
Bank loans		
Within one year	**859,297**	538,745
More than one year, but not exceeding two years	**776,911**	398,500
More than two years, but not exceeding five years	**646,468**	348,000
Exceeding five years	**265,980**	231,960
	2,548,656	1,517,205
Other loans		
Within one year	**838,180**	1,068,180
More than one year, but not exceeding two years	**400,000**	–
More than two years, but not exceeding five years	**500,000**	500,000
	1,738,180	1,568,180
Convertible bonds		
Within one year	**686,283**	641,458
Senior notes		
More than two years, but not exceeding five years	**4,248,661**	3,243,818
Exceeding five years	**1,222,950**	1,212,025
	5,471,611	4,455,843
Total borrowings	**10,444,730**	8,182,686
Deduct:		
Cash and cash equivalents	**(6,729,506)**	(4,812,575)
Net borrowings	**3,715,224**	3,370,111
Total equity	**6,820,201**	6,699,847
Net gearing ratio (%)	**54.5%**	50.3%

Pledge of assets: As at 30 June 2014, the Group had pledged completed properties, projects under development, properties held for future development, property, plant and equipment and bank deposits with an aggregate carrying amount of approximately RMB5,123 million (31 December 2013: RMB3,955 million) to secure general bank credit facilities and other loans granted to us.

Financial guarantees: As at 30 June 2014, we provided guarantees of approximately RMB7,330 million (31 December 2013: approximately RMB6,531 million) to banks in favour of customers 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. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB4,772 million as at 30 June 2014 (31 December 2013: approximately RMB2,367 million).

Capital commitment: As at 30 June 2014, 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 RMB6,099 million (31 December 2013: approximately RMB4,697 million), and we had authorised, but not yet contracted for, a further approximately RMB18,429 million (31 December 2013: approximately RMB19,684 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 30 June 2014, our major non-RMB assets and liabilities are (i) bank deposits and borrowings and convertible bonds denominated in H.K. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject 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 H.K. dollar, U.S. dollar and SGD.

Interest rate risk: 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 15 May 2014, the Company issued the SGD200 Million Senior Notes due 2017 with principal amount of S$200,000,000 at a coupon rate of 6.5% per annum for the purposes of refinancing the convertible bonds issued by the Company in August 2009 and for general corporate purposes.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had 2,126 employees (31 December 2013: 1,951 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. As at the date of this interim report, there was no significant labor dispute which has or may have an adverse impact on our business operations.

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

As at 30 June 2014, the interests and short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures (the "Debentures") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules, were as follows or as disclosed under the section headed "Share Option Scheme" below:

(a) Long positions in the Shares

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital [5]
Mr. Wu Po Sum	Interest in a controlled corporation	1,146,315,639[1]	47.07%
	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%

(b) Long positions in the Debentures

— **S$175,000,000 10.75% Senior Notes due 2016 (the "S$175 Million Senior Notes")**

Name of Director	Capacity and nature of interest	Amount of Debentures held	Approximate percentage of the interest in the S$175 Million Senior Notes[6]
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 8.0% Senior Notes due 2020 (the "US$200 Million Senior Notes")**

Name	Capacity	Amount of Debentures	Approximate percentage of the interest in the US$200 Million Senior Notes[7]
Mr. Leow Juan Thong Jason	Beneficial owner	US$1,000,000[4]	0.5%
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 Share Option Scheme (as defined below), the details of which are disclosed on pages 28 to 29 of this interim report.

3. The 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. US$500,000 out of US$1,000,000 in the US$200 Million Senior Notes are beneficially owned by the spouse of Mr. Leow Juan Thong Jason, therefore Mr. Leow Juan Thong Jason is deemed to be interested in his spouse's debentures for the purposes of the SFO.

5. The percentage of the interest in the Company's issued share capital is based on a total of 2,435,344,600 Shares in issue.

6. The percentage of the interest in the S$175 Million Senior Notes is based on the aggregate principal amount of S$175,000,000.

7. The percentage of the interest in the US$200 Million Senior Notes is based on the aggregate principal amount of US$200,000,000.

Save as disclosed above or under the section headed "Share Option Scheme" below, as at 30 June 2014, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The shareholders of the Company (the "Shareholders") conditionally adopted the share option scheme (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.

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 executive, 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 period(s) 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 2014, share options to subscribe for 41,393,880 Shares remained outstanding.

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

The Share Option Scheme will expire on 13 May 2018.

Movement of share options granted under the Share Option Scheme during the period from 1 January 2014 to 30 June 2014 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 2014	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2014
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	820,160	–	–	–	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
			4,870,560	–	–	–	4,870,560
Chief Executive Officer							
Mr. Chen Jianye	25 May 2010	HK$1.853	2,560,000	–	–	–	2,560,000
	25 July 2011	HK$2.160	5,000,000	–	–	–	5,000,000
Senior Management, other employees and consultants of the Group	25 May 2010	HK$1.853	8,343,960	–	(2,050,400)	–	6,293,560
	25 July 2011	HK$2.160	4,500,000	–	–	–	4,500,000
	27 March 2013	HK$2.560	19,969,760	–	(1,800,000)	–	18,169,760
			45,244,280	–	(3,850,400)	–	41,393,880

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 20 to the financial statements of this interim report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2014, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Scheme" above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital[1]
Joy Bright	Beneficial owner	1,146,315, 639[2]	47.07%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228[3]	27.02%
CapitaLand China Holdings Pte Ltd. ("CapitaLand China")	Interest of controlled corporation	658,116,228[3]	27.02%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest of controlled corporation	658,116,228[3]	27.02%
CapitaLand Limited ("CapitaLand")	Interest of controlled corporation	658,116,228[3]	27.02%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest of controlled corporation	658,116,228[3]	27.02%
FV Green Alpha Two Limited ("FV Green")	Beneficial owner	298,566,476[4]	12.26%

Notes:

(1) The percentage of the interest in the Company's issued share capital is based on a total of 2,435,344,600 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 40.93% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings (Private) Limited is deemed or taken to be interested in the 658,116,228 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

(4) On 5 August 2009, the Company and FV Green entered into a subscription agreement (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 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 Warrants entitle FV Green to subscribe for a maximum of 68,338,594 Shares at the exercise price of HK$3.947 per Share. On 29 August 2014, the Company redeemed the Convertible Bonds from FV Green in full. FV Green also surrendered all outstanding Warrants to the Company on the same date. Upon the said redemption of the Convertible Bonds and surrender of all outstanding Warrants, FV Green ceased to hold any interest in the Shares.

Save as disclosed above, as at 30 June 2014, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the six months ended 30 June 2014, 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 Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange with the exception of code provisions A.4.1, A.6.7 and E.1.2 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"), an ex 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. Mr. Hu resigned as a non-executive Director on 29 August 2014 following full redemption of the Convertible Bonds and surrender of all outstanding Warrants on the same date.

Prior to Mr. Hu's resignation on 29 August 2014, all non-executive Directors (except Mr. Hu) 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 that 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 and Ms. Wu Wallis (alias Li Hua), all being non-executive Directors, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2014 (the "2014 AGM") as they were out of town for other businesses.

3. Code provision E.1.2 — This code provision requires the Chairman to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meetings.

Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2014 AGM as he was out of town for other business.

In his absence, the other members of the remuneration committee, namely Mr. Wu Po Sum and Mr. Cheung Shek Lun, attended the 2014 AGM and answered questions raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code 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 2014.

SPECIFIC PERFORMANCE OBLIGATIONS ON THE CONTROLLING SHAREHOLDER

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Directors reported details of the loan facility, which exists during the reporting period and includes conditions relating to specific performance on the controlling Shareholder.

On 18 October 2013, the Company, certain subsidiaries of the Company, The Hong Kong and Shanghai Banking Corporation Limited and other financial institutions entered into a facility agreement (the "Facility Agreement") pursuant to which the Company obtained a three-year dual tranche term loan facility (the "Term Loan Facility") in the principal amount of up to HK$780,000,000 and US$25,000,000.

The Facility Agreement imposes certain specific performance obligations on Mr. Wu Po Sum, the controlling Shareholder. Pursuant to the terms of the Facility Agreement, it will be an event of default if, among others, (i) Mr. Wu Po Sum ceases to hold 40% of the voting share capital (or equivalent right of ownership) of the Company or power to direct the policies and management of the Company, whether by contract or otherwise; or (ii) Mr. Wu Po Sum ceases to be the single largest beneficial (direct or indirect) Shareholder; or (iii) Mr. Wu Po Sum ceases to be the chairman of the Board, and in such event (among other things), all or part of the loan shall become immediately due and payable.

Such loan facility under the Facility Agreement will expire on 18 October 2016.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGES SINCE 31 DECEMBER 2013

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2013.

UPDATE OF DIRECTORS' INFORMATION

Mr. Lim Ming Yan is a non-executive director of CapitaMalls Asia Limited which was delisted from the Singapore Exchange Securities Trading Limited and the Stock Exchange with effect from 22 July 2014.

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 2014.

* *For identification purposes only*

Consolidated Income Statement

for the six months ended 30 June 2014 — unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Turnover	3	**3,071,587**	3,049,600
Cost of sales		**(1,788,929)**	(1,942,390)
Gross profit		**1,282,658**	1,107,210
Other revenue	4	**32,553**	55,923
Other net (loss)/income	4	**(41,719)**	168,789
Selling and marketing expenses		**(172,288)**	(114,935)
General and administrative expenses		**(240,602)**	(213,074)
Other operating income		**49,970**	26,782
		910,572	1,030,695
Share of losses of associates		**(1,265)**	(1,750)
Share of profits less losses of joint ventures		**38,554**	163,504
Finance costs	5(a)	**(130,405)**	(441,212)
Profit before change in fair value of investment properties and income tax		**817,456**	751,237
Net increase in fair value of investment properties	9	**5,400**	3,222
Profit before taxation	5	**822,856**	754,459
Income tax	6	**(402,993)**	(355,892)
Profit for the period		**419,863**	398,567
Attributable to:			
Equity shareholders of the Company		**392,124**	356,526
Non-controlling interests		**27,739**	42,041
Profit for the period		**419,863**	398,567
Earnings per share	7		
— Basis (RMB cents)		**16.10**	14.65
— Diluted (RMB cents)		**16.09**	14.63

The accompanying notes form part of this interim financial report.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2014 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit for the period	**419,863**	398,567
Other comprehensive income for the period		
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**(4,943)**	5,209
— Cash flow hedge:		
— effective portion of changes in fair value	**15,597**	(36,567)
— transfer from equity to profit or loss	**(4,585)**	42,911
Total other comprehensive income for the period	**6,069**	11,553
Total comprehensive income for the period	**425,932**	410,120
Attributable to:		
Equity shareholders of the Company	**400,398**	369,591
Non-controlling interests	**25,534**	40,529
Total comprehensive income for the period	**425,932**	410,120

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

The accompanying notes form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2014

(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**2,634,042**	2,226,115
Investment properties	*9*	**370,900**	365,500
Interests in associates		**43,993**	45,258
Interests in joint ventures	*10*	**4,726,520**	4,933,854
Other financial assets		**110,080**	110,080
Deferred tax assets		**163,799**	146,911
		8,049,334	7,827,718
Current assets			
Trading securities		**77,035**	99,085
Properties for sale	*11*	**14,782,738**	11,132,353
Trade and other receivables	*12*	**1,090,609**	1,036,156
Deposits and prepayments	*13*	**5,593,291**	5,608,287
Prepaid tax		**219,401**	122,646
Restricted bank deposits	*14*	**1,022,285**	878,533
Cash and cash equivalents		**6,729,506**	4,812,575
		29,514,865	23,689,635
Current liabilities			
Bank loans	*15*	**859,297**	538,745
Other loans	*16*	**838,180**	1,068,180
Trade and other payables and accruals	*17*	**16,029,927**	13,298,126
Receipts in advance		**3,020,615**	2,089,718
Convertible bonds	*18*	**686,283**	641,458
Tax payable		**1,187,795**	1,187,229
		22,622,097	18,823,456
Net current assets		**6,892,768**	4,866,179
Total assets less current liabilities		**14,942,102**	12,693,897

Consolidated Statement of Financial Position *(Continued)*

at 30 June 2014

(Expressed in Renminbi)

	Note	**At 30 June 2014 RMB'000 (unaudited)**	At 31 December 2013 RMB'000 (audited)
Non-current liabilities			
Bank loans	*15*	**1,689,359**	978,460
Other loans	*16*	**900,000**	500,000
Senior notes	*19*	**5,471,611**	4,455,843
Deferred tax liabilities		**60,931**	59,747
		8,121,901	5,994,050
NET ASSETS		**6,820,201**	6,699,847
CAPITAL AND RESERVES			
Share capital		**215,770**	215,770
Reserves		**5,990,498**	5,806,926
Total equity attributable to equity shareholders of the Company		**6,206,268**	6,022,696
Non-controlling interests		**613,933**	677,151
TOTAL EQUITY		**6,820,201**	6,699,847

The accompanying notes form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company													
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve *(Note 20)*	Equity component of convertible bonds *(Note 18)*	Warrant reserve *(Note 18)*	Property revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014		215,770	1,652,831	1,254,801	813,041	127,469	16,524	38,765	10,692	6,479	(21,745)	1,908,069	6,022,696	677,151	6,699,847
Changes in equity for the six months ended 30 June 2014:															
Profit for the period		-	-	-	-	-	-	-	-	-	-	392,124	392,124	27,739	419,863
Other comprehensive income		-	-	-	-	(2,738)	-	-	-	-	11,012	-	8,274	(2,205)	6,069
Total comprehensive income		-	-	-	-	(2,738)	-	-	-	-	11,012	392,124	400,398	25,534	425,932
Dividends declared and paid	*21(b)(ii)*	-	-	-	-	-	-	-	-	-	-	(210,148)	(210,148)	-	(210,148)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(48,048)	(48,048)
Appropriation to statutory reserve fund		-	-	74,229	-	-	-	-	-	-	-	(74,229)	-	-	-
Equity settled share-based payment		-	-	-	-	-	3,313	-	-	-	-	-	3,313	-	3,313
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000
Acquisition of additional interest in a subsidiary		-	-	-	(9,991)	-	-	-	-	-	-	-	(9,991)	(135,704)	(145,695)
Balance at 30 June 2014		215,770	1,652,831	1,329,030	803,050	124,731	19,837	38,765	10,692	6,479	(10,733)	2,015,816	6,206,268	613,933	6,820,201

Consolidated Statement of Changes in Equity *(Continued)*

for the six months ended 30 June 2014 — 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 20)* RMB'000	Equity component of convertible bonds *(Note 18)* RMB'000	Warrant reserve *(Note 18)* 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	*21(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	*21(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		–	–	–	(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

The accompanying notes form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2014 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Operating activities		
Cash generated from operation	**1,086,870**	354,858
Income tax paid	**(514,886)**	(521,493)
Net cash generated from/(used in) operating activities	**571,984**	(166,635)
Investing activities		
Payment for purchase of property, plant and equipment	**(455,699)**	(453,570)
Other cash flows arising from investing activities	**153,216**	500,200
Net cash (used in)/generated from investing activities	**(302,483)**	46,630
Financing activities		
Net proceeds from senior notes	**985,952**	3,662,072
Early redemption of senior notes	**–**	(2,035,653)
Proceeds from bank loans and other loans	**1,850,257**	1,388,000
Repayment of bank loans and other loans	**(648,806)**	(1,077,676)
Other cash flows arising from financing activities	**(559,861)**	(516,038)
Net cash generated from financing activities	**1,627,542**	1,420,705
Net increase in cash and cash equivalents	**1,897,043**	1,300,700
Cash and cash equivalents at 1 January	**4,812,575**	3,949,775
Effect of changes in foreign exchange rate	**19,888**	(25,812)
Cash and cash equivalents at 30 June	**6,729,506**	5,224,663

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"). It was authorised for issue on 19 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation that are first effective for the current accounting period of Central China Real Estate Limited (the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group"). None of these developments are relevant to the Group's consolidated financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 67 and 68. 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 2013 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 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2014.

2 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 3.

(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").

3 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	
	2014	2013
	RMB'000	RMB'000
Income from sales of properties	**2,964,755**	3,016,818
Rental income	**52,788**	11,118
Revenue from hotel operations	**54,044**	21,664
	3,071,587	3,049,600

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Other revenue		
Interest income	**28,720**	53,767
Dividend income from equity securities	**3,083**	1,406
Others	**750**	750
	32,553	55,923
Other net (loss)/income		
Net exchange (loss)/gain	**(26,227)**	22,786
Net unrealised loss on trading securities	**(22,803)**	(12,632)
Gain on disposal of subsidiaries	**–**	145,134
Loss on acquisition of further interest in a joint venture	**–**	(1,347)
Net gain on disposal of property, plant and equipment *(note 8)*	**521**	14,627
Others	**6,790**	221
	(41,719)	168,789

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans		
— wholly repayable within five years	**62,193**	50,001
— wholly repayable after five years	**10,628**	9,668
	72,821	59,669
Interest on other loans	**83,830**	67,791
Interest on convertible bonds	**52,357**	47,313
Interest on senior notes	**190,359**	220,554
Other ancillary borrowing costs	**1,864**	2,136
	401,231	397,463
Less: Borrowing costs capitalised	**(273,398)**	(193,626)
	127,833	203,837
Net change in fair value of derivatives embedded to senior notes	**2,572**	(6,531)
Loss on redemption of senior notes	**–**	243,906
	130,405	441,212
(b) Other items		
Depreciation and amortisation	**75,015**	34,135
Cost of properties sold	**1,775,346**	1,935,496

6 INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	**202,221**	253,077
PRC Land Appreciation Tax		
— Provision for the period	**216,476**	195,345
— Over-provision in prior years	**–**	(89,119)
Withholding tax	**–**	12,764
	418,697	372,067
Deferred tax		
Revaluation of properties	**1,185**	640
PRC Land Appreciation Tax	**(16,889)**	(16,815)
	(15,704)	(16,175)
	402,993	355,892

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

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

(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 subject to CIT calculated based on the deemed profit which represents 10% to 15% (six months ended 30 June 2013: 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 2013: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (six months ended 30 June 2013: 25%) on the estimated assessable profits for the period.

6 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稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is 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 subject to LAT which is calculated based on 1.5% to 4.5% (six months ended 30 June 2013: 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 on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB392,124,000 (six months ended 30 June 2013: RMB356,526,000) and the weighted average of 2,435,345,000 shares (six months ended 30 June 2013: 2,433,298,000 shares) in issue during the interim period.

	Six months ended 30 June	
	2014	2013
	'000	'000
Issued ordinary shares at 1 January	**2,435,345**	2,429,230
Effect of exercised share options	**–**	4,068
Weighted average number of ordinary shares at 30 June	**2,435,345**	2,433,298

7 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the period ended 30 June 2014, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB392,124,000 (six months ended 30 June 2013: RMB356,526,000) and the weighted average number of ordinary shares of 2,436,272,000 shares (six months ended 30 June 2013: 2,437,467,000 shares), calculated as follows:

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit attributable to equity shareholders (diluted)	**392,124**	356,526

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

	Six months ended 30 June	
	2014	2013
	'000	'000
Weighted average number of ordinary shares at 30 June	**2,435,345**	2,433,298
Effect of exercise of share options	**927**	4,169
Weighted average number of ordinary shares at 30 June (diluted)	**2,436,272**	2,437,467

The Company's convertible bonds and warrants as at 30 June 2014 and 2013 do not give rise to any dilution effect to the earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group's additions in property, plant and equipment amounted to RMB455,707,000 (six months ended 30 June 2013: RMB450,318,000). Items of property, plant and equipment with a net book value of RMB519,000 (six months ended 30 June 2013: RMB14,005,000) were disposed of during the six months ended 30 June 2014, resulting in a gain on disposal of RMB521,000 (six months ended 30 June 2013: RMB14,627,000).

9 INVESTMENT PROPERTIES

All investment properties of the Group were revalued as at 30 June 2014. The valuations were carried out 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. In undertaking the valuation of investment properties, the independent firm of surveyors has mainly adopted the income capitalisation approach whereby the rental incomes of contractual tenancies are capitalised for the unexpired terms of tenancies. It has also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. During the period, the net increase in fair value of investment properties was RMB5,400,000 (six months ended 30 June 2013: RMB3,222,000) and the additions in investment properties amounted to RMBNil (six months ended 30 June 2013: RMB2,528,000).

10 INTERESTS IN JOINT VENTURES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Share of net assets	**3,798,466**	3,759,912
Amounts due from joint ventures	**928,054**	1,173,942
	4,726,520	4,933,854

Included in the amounts due from joint ventures at 31 December 2013 was an amount of RMB845,000,000, which was interest bearing at 12% per annum and become interest-free during the period. Except for the above, all the remaining balances are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

11 PROPERTIES FOR SALE

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties held for future development and under development for sale	**9,970,459**	6,764,716
Completed properties held for sale	**4,812,279**	4,367,637
	14,782,738	11,132,353

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Bills receivables *(note (a))*	**800**	31,606
Trade receivables *(note (a))*	**31,443**	17,729
Other receivables	**140,168**	142,291
Amounts due from related companies *(note (b))*	**450,050**	402,838
Amounts due from non-controlling interests *(note (c))*	**376,347**	159,968
Amount due from a former joint venture *(note (d))*	**10,200**	251,721
Amount due from a joint venture partner *(note (e))*	**51,000**	–
Gross amounts due from customers for contract work	**14,085**	14,085
Derivative financial instruments		
— held as cash flow hedging instrument *(note 19(a) and 22(a))*	**3,044**	–
— other derivatives *(notes 19(b), 19(c) and 22(a))*	**13,472**	15,918
	1,090,609	1,036,156

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 set out as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Current	**24,398**	40,001
1 to less than 3 months overdue	**587**	99
3 to less than 6 months overdue	**960**	–
6 months to less than 1 year overdue	**695**	633
More than 1 year overdue	**5,603**	8,602
	32,243	49,335

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 property ownership certificate.

12 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) *(Continued)*

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 staff 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 assessment, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) The amount due from a related company of RMB39,015,000 (31 December 2013: RMB39,015,000) is in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB302,670,000 (31 December 2013: RMB267,740,000) 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 2013: RMB77,700,000) represents the management fee paid on behalf of the trust manager of joint ventures, 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 an amount of RMB15,300,000 (31 December 2013: RMB15,300,000) which is secured by the equity interests of a PRC subsidiary that partially owned by the non-controlling interest, interest-free and has no fixed terms of repayment. The remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(d) In December 2013, the Group entered into an agreement with a joint venture partner in respect of the Group's residual interest and profit-sharing arrangement in the joint venture. Pursuant to the agreement, the Group surrendered its right to future profits (and obligation to future losses) and residual assets/liabilities in consideration for RMB501,721,000. The transaction had been accounted for as a deemed disposal of the Group's interest in that joint venture. At 30 June 2014, the amount due from the abovementioned joint venture amounted to RMB10,200,000 (31 December 2013: RMB251,721,000), which represented the remaining consideration to be settled. The amount due from a former joint venture is unsecured, interest-free and has no fixed terms of repayment. As at 30 June 2014, the Group remains to be a named venture party.

(e) The amount due from a joint venture partner is unsecured, interest-free and has no fixed terms of repayment.

13 DEPOSITS AND PREPAYMENTS

At 30 June 2014, the balance included deposits and prepayments for leasehold land of RMB4,916,678,000 (31 December 2013: RMB5,096,544,000).

14 RESTRICTED BANK DEPOSITS

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**306,224**	230,096
— bills payable	**716,061**	648,437
	1,022,285	878,533

15 BANK LOANS

(a) At 30 June 2014, bank loans were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year or on demand	**859,297**	538,745
After 1 year but within 2 years	**776,911**	398,500
After 2 years but within 5 years	**646,468**	348,000
After 5 years	**265,980**	231,960
	1,689,359	978,460
	2,548,656	1,517,205

15 BANK LOANS (Continued)

(b) At 30 June 2014, bank loans were secured as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Bank loans		
— secured	**1,554,599**	1,387,205
— unsecured	**994,057**	130,000
	2,548,656	1,517,205

At 30 June 2014, assets of the Group against which bank loans are secured as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties for sale	**2,971,124**	2,026,909
Property, plant and equipment	**1,099,867**	1,022,697
	4,070,991	3,049,606

(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. At 30 June 2014 and 31 December 2013, none of the covenants relating to drawn down facilities had been breached.

16 OTHER LOANS

(a) At 30 June 2014, other loans were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year or on demand	**838,180**	1,068,180
After 1 year but within 2 years	**400,000**	–
After 2 years but within 5 years	**500,000**	500,000
	900,000	500,000
	1,738,180	1,568,180

As at 30 June 2014, the other loans included a loan from a joint venture of RMB378,180,000 (31 December 2013: RMB378,180,000), which is unsecured, interest bearing at 12.8% (31 December 2013: 12.8%) per annum and repayable by 23 September 2014.

As at 31 December 2013, the other loans included a loan from a joint venture, Bridge-CCRE Trust I of RMB80,000,000 which is unsecured, interest bearing at 7.125% per annum and repaid during the period.

(b) At 30 June 2014, other loans were secured as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Other loans		
— secured	**1,100,000**	910,000
— unsecured	**638,180**	658,180
	1,738,180	1,568,180

At 30 June 2014, assets of the Group against which other loans are secured as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties for sales	**1,051,608**	905,608

17 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Bills payables *(note (a))*	**673,871**	638,823
Trade payables *(note (a))*	**3,590,534**	3,676,074
Other payables and accruals	**1,729,636**	1,046,680
Amounts due to joint ventures *(note (b))*	**9,508,776**	7,475,380
Amounts due to non-controlling interests *(note (b))*	**494,553**	422,859
Amount due to an associate *(note (b))*	**21,381**	21,381
Amount due to a related company *(note (b))*	**6,800**	–
Derivative financial instruments		
— held as cash flow hedging instruments *(notes 19(a), 19(d) and 22(a))*	**4,376**	16,929
	16,029,927	13,298,126

At 30 June 2014, included in trade and other payables and accruals are retention payable of RMB45,214,000 (31 December 2013: RMB53,629,000), which are expected to be settled more than one year.

(a) The ageing analysis of bills and trade payables, based on the invoice date, is set out as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Due within 1 month or on demand	**2,055,583**	2,104,928
Due after 1 month but within 3 months	**562,439**	548,327
Due after 3 months but within 6 months	**402,690**	469,883
Due after 6 months but within 1 year	**786,790**	522,106
Due after 1 year	**456,903**	669,653
	4,264,405	4,314,897

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

18 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:

— removal of the early redemption rights from the holders and Company;

— a guaranteed gross yield of 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; and

— certain adjustments on financial covenants.

19 SENIOR NOTES

Liability Component of the Senior Notes

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
SGD175m Senior Notes *(note (a))*	**844,845**	823,765
US$200m Senior Notes *(note (b))*	**1,222,950**	1,212,025
US$400m Senior Notes *(note (c))*	**2,442,789**	2,420,053
SGD200m Senior Notes *(note (d))*	**961,027**	–
	5,471,611	4,455,843

(a) On 11 April 2012, the Company issued 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 senior notes principal of SGD175 million into US$137 million. The aggregate national principal amounts of the foreign exchange rate swap contract is SGD175 million 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 reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2014, the fair value of the foreign exchange rate swap contract (asset) amounted to RMB3,044,000 (note 12) (31 December 2013: liability of RMB16,929,000 (note 17)) is measured based on market price quoted by brokers.

(b) On 21 January 2013, the Company issued senior notes with principal amount of US$200,000,000 due in 2020 ("US$200m Senior Notes"). The senior notes are interest bearing at 8% per annum and payable semi-annually in arrears. The maturity date of the 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.

19 SENIOR NOTES (Continued)

(c) On 22 May 2013, the Company issued senior notes with principal amount of US$400,000,000 due in 2018 ("US$400m Senior Notes"). The senior notes are interest bearing at 6.5% per annum and payable semi-annually in arrears. The maturity date of the 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.

(d) On 15 May 2014, the Company issued senior notes with principal amount of SGD200,000,000 due in 2017 ("SGD200m Senior Notes"). The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 26 May 2017. At any time prior to 26 May 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.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD200m Senior Notes by swapping the senior notes principal of SGD200 million into US$160 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD200 million and the contract will mature on 26 May 2017. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2014, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB4,376,000 (note 17) is measured based on market price quoted by brokers.

20 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.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 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.

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

	Exercise price HK$	Number of options
Outstanding at 1 January 2014 and 30 June 2014	**2.28**	**45,224,280**
Exercisable at 30 June 2014	**2.07**	**22,884,280**

The options outstanding at 30 June 2014 had a weighted average exercise price of HK$2.28 and a weighted average remaining contractual life of 7.6 years.

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Issue of shares under share option scheme

During the six months ended 30 June 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) had 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	
	2014	2013
	RMB'000	RMB'000
No interim dividend proposed after the interim period (six months ended 30 June 2013: HK5.2 cents (equivalent to RMB4.1 cents) per ordinary share)	**–**	100,245

(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	
	2014	2013
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK10.7 cents (equivalent to RMB8.62 cents) (six months ended 30 June 2013: HK8.0 cents (equivalent to RMB6.6 cents)) per ordinary share	**210,148**	159,840

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value measurements as at 30 June 2014 categorised into		
	Fair value at 30 June 2014 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	**77,035**	**77,035**	**–**	**–**
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	**7,013**	**–**	**7,013**	**–**
— Redemption call option of US$400m Senior Notes	**6,459**	**–**	**6,459**	**–**
— Foreign exchange swap contract for SGD175m Senior Notes	**3,044**	**–**	**3,044**	**–**
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contract for SGD200m Senior Notes	**4,376**	**–**	**4,376**	**–**

22 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 2013 RMB'000	Fair value measurements as at 31 December 2013 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	99,085	99,085	–	–
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	10,856	–	10,856	–
— Redemption call option of US$400m Senior Notes	5,062	–	5,062	–
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contract for SGD175m Senior Notes	16,929	–	16,929	–

During the six months ended 30 June 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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.

(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 contracts 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.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(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 2014 and 31 December 2013. Amounts due from/(to) an associate, joint ventures, a former joint venture, a joint venture partner, related companies and non-controlling interests are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

23 COMMITMENTS

Capital commitments outstanding at 30 June 2014 not provided for in the interim financial report are as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties under development undertaken by the Group		
— Authorised but not contracted for	**15,032,727**	16,691,802
— Contracted but not provided for	**5,334,287**	4,182,206
	20,367,014	20,874,008

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	**3,396,494**	2,991,868
— Contracted but not provided for	**764,473**	514,787
	4,160,967	3,506,655

24 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 2014 are as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**5,728,267**	5,442,865
— the joint ventures' properties (the Group's shared portion)	**1,601,400**	1,088,680
	7,329,667	6,531,545

The directors do not consider it is 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 bank loans and other loans granted to joint ventures:

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB4,772,050,000 as at 30 June 2014 (31 December 2013: RMB2,366,550,000). At the end of the reporting period, the directors do not consider it is probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil (31 December 2013: RMBNil).

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial report, other material related party transactions entered by the Group during the six months ended 30 June 2014 are as follows:

		Six months ended 30 June	
		2014	2013
	Note	**RMB'000**	RMB'000
Interest income from joint ventures	*(a)*	**–**	26,378
Interest income from non-controlling interests	*(a)*	**–**	1,350
Project management fee income from joint ventures	*(b)*	**32,263**	22,000
Interest expenses to joint ventures	*(c)*	**(24,001)**	(35,550)
Directors' remuneration	*(d)*	**(2,665)**	(2,829)

Notes:

(a) The amounts represented interest income in relation to advances to joint ventures and non-controlling interests.

(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 joint ventures.

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Directors' fees	**283**	191
Salary and other emoluments	**2,304**	2,498
Contribution to retirement benefit schemes	**17**	33
Share-based payment	**61**	107
	2,665	2,829

26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 3 July 2014, the Group entered into three equity transfer agreements with Bridge Trust Company Limited, pursuant to which the Group agreed to acquire 49% equity interest in Central China Real Estate Nanyang Company Limited ("CCRE Nanyang"), 49% equity interest in Central China Real Estate Pingdingshan Company Limited ("CCRE Pingdingshan") and 25.1% equity interest in Henan United New Town Real Estate Company Limited ("Henan New Town") at the considerations of RMB389,935,000, RMB181,250,000 and RMB176,634,000 respectively.

As at 30 June 2014, CCRE Nanyang, CCRE Pingdingshan and Henan New Town are joint ventures owned as to 51%, 51% and 74.9% respectively by the Group. Upon completion of the equity transfers, CCRE Nanyang, CCRE Pingdingshan and Henan New Town will become wholly-owned subsidiaries of the Group. Details of the transactions are disclosed in the Company's announcement dated 3 July 2014.

(b) On 8 July 2014, the Group entered into an acquisition agreement with a third party company, pursuant to which the third party company agreed to establish a subsidiary ("project company") and the Group agreed to acquire 51% equity interest in the project company at a consideration of RMB246,471,000 by way of capital injection. Upon completion of the capital injection, the project company becomes the Group's subsidiary with 51% equity interest held by the Group. Details of the transaction are disclosed in the Company's announcement dated 8 July 2014.

KPMG

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 35 to 66 which comprises the consolidated statement of financial position of Central China Real Estate Limited as at 30 June 2014 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 2014 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

19 August 2014