



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

胡海森



From the land of Henan,
for the people of China

2015 Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Po Sum (*Chairman*)

Ms. Yan Yingchun

Non-executive Directors

Mr. Lucas Ignatius Loh Jen Yuh (*Vice-Chairman*)

Mr. Leow Juan Thong Jason

(resigned on 1 April 2015)

Mr. Puah Tze Shyang (appointed on 1 April 2015)

Ms. Wu Wallis (alias Li Hua)

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. Lucas Ignatius Loh Jen Yuh

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

Corporate Information (Continued)

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 23 years, we have continued to guide residents to new exposures in lifestyle through our articulately crafted architectural masterpieces in honour 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 23 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 “tailor-made” mega service regime by integrating resources, such as property, education, hotel, football, commerce and green base, with a view to transforming the Company from an urban complex developer to a new lifestyle services provider for urban residents.

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 23 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”.

Corporate Profile (Continued)

As of now, the Company has established its presence in Henan's 18 prefecture-level cities and 22 county-level cities. As at 30 June 2015, the Company had completed development projects with an accumulated aggregate gross floor area ("GFA") of approximately 14.36 million square metres ("sq.m.") and owned 55 projects/phases under development with GFA of approximately 4.97 million sq.m. under development and land reserves with GFA of 20.49 million sq.m., including equity-owned GFA of 17.37 million sq.m.. During the reporting period, GFA measured approximately 1.09 million sq.m. for newly commenced projects and 1.21 million sq.m. for properties sold.

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.

On 24 March 2015, the Company ranked 26th in the "2015 Top 500 Chinese Property Developers" in the "2015 Research Report on Top 500 Chinese Property Developers" and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for seven consecutive years. On 3 April 2015, the Company ranked 8th in "2014 Top 100 Corporate Taxpayers of State Tax and Local tax in Henan Province" with total tax payment of RMB2.306 billion, and became the only property developer on the top ten list of corporate taxpayers in Henan province. On 28 May 2015, the Company ranked 26th in the "Rankings of Listed Real Estate Companies in China 2015" and became top three of the "Most Rapidly Growing Listed Real Estate Companies in China" for the first time. On 8 July 2015, the Company ranked the 471st in the Fortune China's 500 list of the Chinese largest corporations for the first time, and became the only property developer out of 13 Henan-based corporations on the list.

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

Dear Shareholders,

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 2015.

In the first half of 2015, the road to global economic recovery remained rough. As affected by the cyclical factor, the gross domestic product ("GDP") of China in the first half of 2015 grew by 7% with progressive growth in key performance indices. The Chinese economy has developed stably at a slower pace and trended positively. However, Chinese economic growth rate fell to its lowest level in the past 25 years with unsatisfactory performance in certain economic indices, apparently putting downward pressure on China's economy in future.

In Henan province where we put our strategic focus on, the GDP recorded a growth of 7.8% in the first half of 2015, 0.8 percentage point above the national growth rate, contributed by flexible implementation of policies in the region, multiple measures adopted for maintaining economic growth as well as faster economic growth in industrial agglomeration region and aviation port region.

This year, the macro-economic policy on real estate market focuses on "Differentiated policies will be adopted in the light of local conditions. Also, Chinese residents are encouraged to buy properties for personal use or to improved living conditions. The PRC government hopes to see steady and sound growth of the real estate market in the long run." By minimising administrative intervention, the central government of the PRC has placed the real estate industry to a path to healthy development through persistently adopting market-oriented approach. In the reporting period, the real estate industry showed increasingly recognisable signs of deep correction, indicating further divergence among different market segments. For the performance by regions, structural imbalance in real estate supply and demand was present in some regions, and certain consumers remained cautious in purchase decisions.

In 2015, the development of mobile internet exerted increasingly profound impact on our industry. As real estate industry of China has progressively entered into "buyer's market", real estate developers have to provide products and services with more competitive advantages and address customers' needs. In the reporting period, the Company had put more emphasis on product research and development and innovation of services underpinned by our corporate culture of "honesty, responsibility, integrity and focus".

In the first half of the year, the Company continued to keep abreast of avant-garde construction technologies and management system for commercialisation of residential properties and gradually built the competitive edge of its products by "commercialisation of residential properties". In addition, the Company designed an innovative customer services model based on the findings of our thorough research on customers' needs. In the future, the Company will jointly construct an Online-to-offline (O2O) platform for Jianye communities closely connected by offline "E+home" community services with its strategic partners, with an aim to fully integrate internal and external resources and upgrade the entire property services model, enhancing the fortune of the residents in Jianye communities and satisfying different demands from our customers.

Chairman's Statement (Continued)

In the long run, urbanisation in China still has a long way to go. Radical changes in family structure, urbanisation bonus and demand for improvement in personalised housing will provide enormous room for the industry to grow. With primary characteristics of "sub-divisions" in the real estate industry in the foreseeable future, the competition among property developers will be more intense and their capability of all-round operation and management is required. As a result of careful advance planning in the reporting period, the Company has conducted management reform and structural transformation for internal governance in a breakthrough approach. Such move has increased labour efficiency and labour effectiveness and removed organisational barriers. By introducing forefront management concepts, such as "business partners and co-investment system", the Company has strived for its ultimate goal of innovative transformation, satisfying new requirements of the internet era for organisational capacity.

2015 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 next three years will be the critical period for our vertical and horizontal growth as well as our transformation. Our general business direction is "Transformation in Development and Progress in Transformation". Development is the prerequisite of transformation, new development is also the objective of transformation. Hence, we are required to enhance our core competitive advantages on an on-going basis in order to respond to customers' demands and maximise our profitability, creating a stronger brand as a result. Over the past 23 years, the Company has earned our customers' trust and loyalty with our definitions and criteria set for quality living experience, our reputation and sense of responsibility. In future, we will continue to maintain and expand our brand advantages in the strategic target markets and maximise the value of our brand.

It is our usual practice to take a long-term perspective in formulating development strategies of the Company, we will continue to restrain short-sighted actions for long-lasting foundation, and operate the Company in a concrete and effective way for future development. Looking ahead into the future, our people should have the qualities of vigilance, diligence, persistence and excellence. As such, corporate strategies could be implemented in an extensive as well as intensive manner; CCRE could be steadfast at the age of thirty; our talents could deliver our objectives that we long for, which is 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 in Henan province, enhancing our contributions to the healthy and sustainable development of China's real estate industry.

Wu Po Sum

Chairman

31 August 2015

Management Discussion and Analysis

I. REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

In the first half of 2015, the road to global economic recovery has remained rough and downward pressure on the Chinese economy has continued to mount. With the key fundamental of securing stability and seeking progress upheld by the PRC government, the PRC government deepened on-going reforms, adjusted economic structure and actively modified the approach of macro-economic adjustments, resulting in a stable economic growth at a slower pace in the first half of 2015. For the first half of 2015, China's GDP amounted to RMB29,690 billion, representing a year-on-year growth of 7.0%.

In the first half of 2015, Henan province intensified the "Four Comprehensives" strategies, namely comprehensively building a moderately prosperous society, comprehensively deepening reform, comprehensively implementing the rule of law and comprehensively strengthening party discipline; and proactively adapted to a "new normal" in the pace of economic development, kept on precise adjustments, made efforts on precise target, flexibly implemented policies and taken all measure available to maintain a stable growth in economy. In the first half of 2015, Henan recorded GDP of RMB1,670 billion, representing a year-on-year growth of 7.8%, which was 0.8 percentage point above the national growth rate.

2. The Property Market

Premier Li Keqiang pointed out at the 12th National People's Congress that "Differentiated policies will be adopted in the light of local conditions. We also encourage Chinese residents to buy properties for personal use or improved living conditions. We hope to see steady and sound growth of the real estate market in the long run." After closing of the Two Sessions, the PRC government has promoted the industrial development by implementing "credit leverage" instead of usual administrative intervention. Demand for housing at a reasonable level expressly supported by the People's Bank of China, liquidity released as well as policies fine-tuning by local governments resulted in a rebound of real estate market in China in the first half of 2015. In the first half of 2015, sales of commodity housing in the nationwide property market amounted to 502,640,000 sq.m., a year-on-year growth of 3.9%, the sales amount was RMB3,430 billion, a year-on-year growth of 10%. Investment in commodity housing in the nationwide property market was RMB4,400 billion, a year-on-year growth of 4.6%.

The property market in Henan Province was bolstered by robust advancement of new urbanisation, and on-going release of strong rigid demand for housing promoted a stable development of the property market. In the first half of 2015, sales of commodity housing in Henan Province property market amounted to 29,490,000 sq.m., a year-on-year growth of 4.3%, the sales amount was RMB138 billion, a year-on-year growth of 7.8%. Investment in commodity housing in Henan was RMB204 billion, a year-on-year growth of 9.5% which was higher than the nationwide growth by 4.9 percentage points.

Management Discussion and Analysis (Continued)

(II) Project Development

During the reporting period, the Company underwent a structural adjustment which was strictly in line with the thinking guidance of "Transformation in Development and Progress in Transformation", sustaining resources balance in all regions, thus laying a foundation for achieving excellence in all our projects. In the reporting period, GFA measured 1,085,385 sq.m. for newly commenced projects and 567,510 sq.m. for properties completed by the Company.

1. Development schedule

During the reporting period, the Company commenced construction of 10 projects/phases with newly commenced GFA of 1,085,385 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 2015

Location	Newly commenced GFA (sq.m.)
Zhengzhou	222,241
Other cities in Henan Province	863,144
Total	1,085,385

As at 30 June 2015, the Company had 55 projects/phases under development with total GFA of approximately 4,971,693 sq.m., including 6 projects/phases in Zhengzhou City and 49 projects/phases in other cities of Henan Province.

Geographical breakdown of projects under development as at 30 June 2015

Location	GFA under development (sq.m.)
Zhengzhou	1,185,283
Other cities in Henan Province	3,786,410
Total	4,971,693

Management Discussion and Analysis (Continued)

During the reporting period, the Company completed 14 projects/phases with total completed GFA of 567,510 sq.m. with a sales completion rate of 75%.

City	Project Name	Completed GFA (sq.m.)	Saleable GFA (sq.m.)	Pre-sold/ sold GFA (sq.m.)
Zhengzhou	Spring Time Phase I	86,248	34,134	32,965
Zhengzhou	Zhengxi U-Town Phase II	27,508	27,508	2,586
Xinxiang	Changyuan Forest Peninsula Phase I	44,817	41,262	30,094
Xinxiang	Code One City Phase II (1st Batch)	87,330	81,629	74,768
Nanyang	Triumph Plaza Phase I	115,124	96,577	84,783
Zhoukou	Forest Peninsula Phase V	26,588	18,982	14,891
Hebi	Huaxian Code One City Phase I	35,882	31,983	20,194
Luohe	Xicheng Forest Peninsula Phase I	18,534	14,211	10,648
Jiaozuo	Xiuwu Forest Peninsula Phase II	36,722	35,285	13,473
Xuchang	Yanling Eco-City (2nd Batch)	3,904	3,904	3,195
Pingdingshan	Eighteen Cities Phase II	49,048	42,234	36,867
Luoyang	Yanshi Forest Peninsula Phase I	21,640	21,640	10,184
Sanmenxia	Lingbao Forest Peninsula Phase I	14,165	14,166	13,073
Total		567,510	463,515	347,721

Note: The GFA of Spring Time includes basement and underground garage of 52,000 sq.m..

Management Discussion and Analysis (Continued)

2. Sales Schedule

Attributable to the proactive sales strategies adopted by the Company, the aggregate GFA sold/pre-sold by the Company during the reporting period increased by 24.9% over the corresponding period of last year to 1,208,656 sq.m., reflecting a satisfactory performance of inventory clearance; the amount of sales/pre-sales was RMB5.96 billion, representing a decrease of 10% over the corresponding period of last year. An increase in GFA sold with a concurrent decrease in amount of sales was attributable to the relatively fewer newly completed properties for sale in Zhengzhou in the reporting period as well as the amount of sales affected by faster inventory clearance by the Company at lower prices.

Geographical breakdown of GFA sold/pre-sold for the first half of 2015

Location	Approximate saleable GFA sold (sq.m.)	Approximate total amount (RMB'000)
Zhengzhou	173,245	1,092,804
Other cities in Henan Province	1,035,411	4,864,689
Total	1,208,656	5,957,493

(III) Land Reserves

During the reporting period, the Group acquired land reserves with a GFA of 1.49 million sq.m. through public land auctions. As at 30 June 2015, the Group had land reserves with a total GFA of 20.49 million sq.m. and obtained the state-owned land use rights certificates in respect of sites with total GFA of 16.13 million sq.m..

1. Public Land Auctions

On 19 January 2015, the Group acquired the land use rights of four land parcels located at the north of State Road 311 in Chenhuadian Town, Yanling County in a listing for sale process held by Yanling County Tendering and Bidding Transaction Management Centre* (鄢陵縣招標投標交易管理中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB25 million, RMB26 million, RMB29 million and RMB12 million, respectively. Land parcel No. YC-14-30 has a site area of 38,689 sq.m., land parcel No. YC-14-31 has a site area of 44,903 sq.m., land parcel No. YC-14-32 has a site area of 49,408 sq.m., and mandatory detailed planned plot ratio of the three land parcels is 1.0–2.0; land parcel No. YC-14-33 has a site area of 17,087 sq.m., and mandatory detailed planned plot ratio of the land parcel is 0.4–1.0.

Management Discussion and Analysis (Continued)

On 22 January 2015, the Group acquired the land use rights of two land parcels located at the west of Zhongyuan Road, the south of Tuobinnan Road South, the north of Yongsu Road and the east of Tieshan Road in Yongcheng City in a listing for sale process held by Yongcheng City Land and Resources Bureau* (永城市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB88 million and RMB90 million, respectively. Yonggua land parcel No. 2014-29 has a site area of 64,411 sq.m. and Yonggua land parcel No. 2014-30 has a site area of 64,412 sq.m., and mandatory detailed planned plot ratio of the two land parcels is 1.0–2.0.

On 13 February 2015, the Group acquired the land use rights of four land parcels located at the east of Huafei Road East, the south of Xiwang Road, the north of Xiwang Road and the east of Yulin Road, Zhengzhou City in a tendering (listing) for sale process at State-owned Land Hall (國土交易大廳) held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of land use rights. The purchase prices for the acquisitions were approximately RMB7 million, RMB69 million, RMB143 million and RMB362 million, respectively. Zhengzhengchu No. [2015] 5 land parcel has a site area of 5,084 sq.m.; Zhengzhengchu No. [2015] 6 land parcel has a site area of 13,968 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.21; Zhengzhengchu No. [2015] 7 land parcel has a site area of 19,386 sq.m. with a mandatory detailed planned plot ratio of 1.0-5.54; Zhengzhengchu No. [2015] 8 land parcel has a site area of 55,720 sq.m. with a mandatory detailed planned plot ratio of 1.0–4.76.

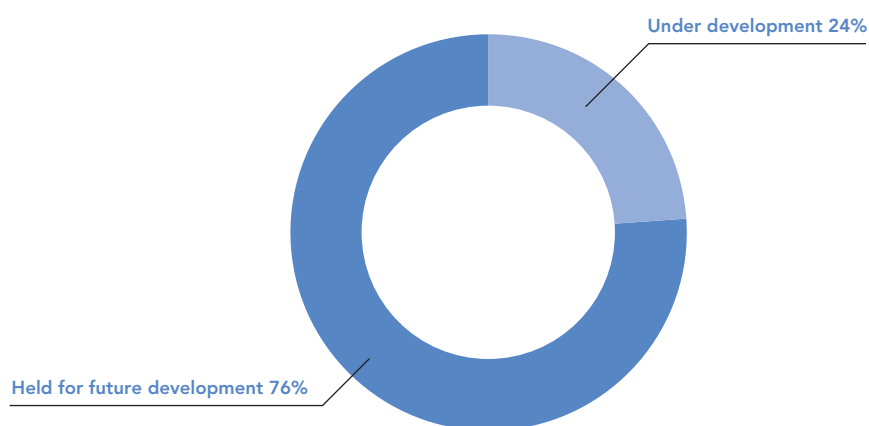
On 24 April 2015, the Group acquired the land use rights of seven land parcels located at the south of Sanhuan South, the west of Zhengping Expressway, the north of Sihuan South and the east of Songshan South Road, Zhengzhou City in a tendering (listing) for sale process at State-owned Land Hall (國土交易大廳) 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 approximately RMB111 million, RMB98 million, RMB21 million, RMB126 million, RMB118 million, RMB129 million and RMB69 million, respectively. Zhengzhengchu No. [2015] 24 land parcel has a site area of 27,794 sq.m.; Zhengzhengchu No. [2015] 27 land parcel has a site area of 29,262 sq.m.; Zhengzhengchu No. [2015] 28 land parcel has a site area of 29,739 sq.m.; Zhengzhengchu No. [2015] 29 land parcel has a site area of 32,826 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.5; Zhengzhengchu No. [2015] 25 land parcel has a site area of 17,869 sq.m. with a mandatory detailed planned plot ratio of 1.0-4.9; Zhengzhengchu No. [2015] 26 land parcel has a site area of 5,997 sq.m.; Zhengzhengchu No. [2015] 30 land parcel has a site area of 19,122 sq.m. with a mandatory detailed planned plot ratio of 1.0–3.0.

Management Discussion and Analysis (Continued)

2. Distribution of land reserves

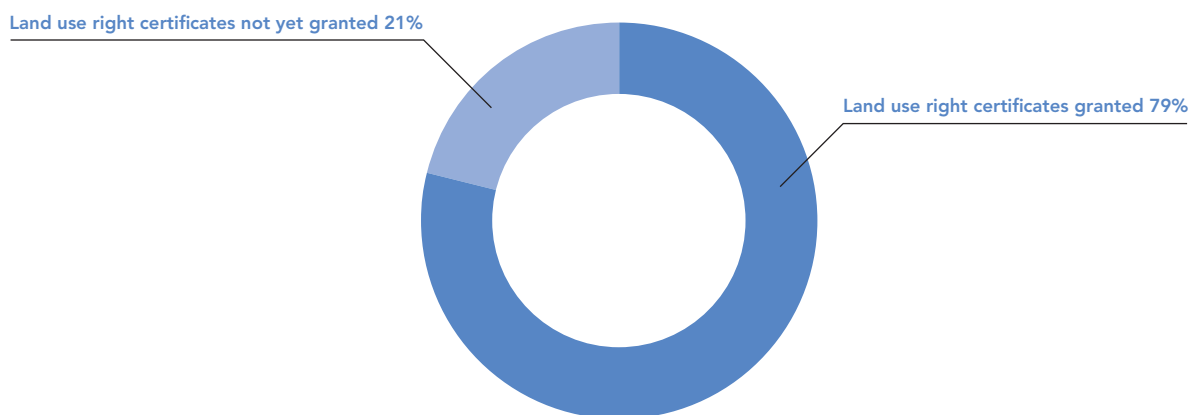
1. Distribution of the Company's land reserves by current development status

Fig: Percentage of land under development and land held for future development to the Company's land reserves (as at 30 June 2015)



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

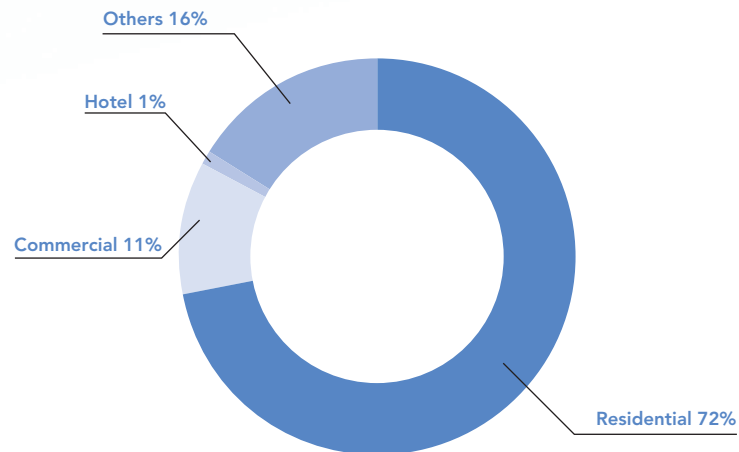
Fig: Percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 30 June 2015)



Management Discussion and Analysis (Continued)

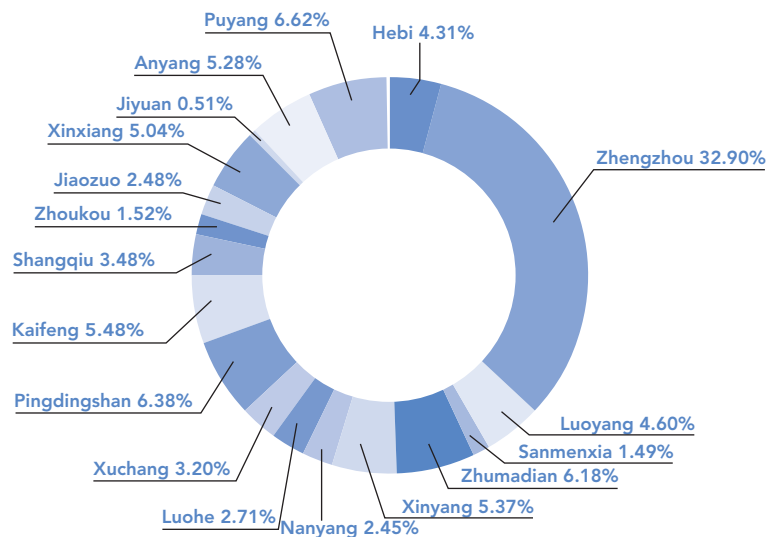
3. Distribution of the Company's land reserves by property types

Fig: Distribution of the Company's land reserve by property types (as at 30 June 2015)



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

Fig: Distribution of the Company's land reserves by cities (as at 30 June 2015)



Management Discussion and Analysis (Continued)

(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we resolved the research direction of new products and new technologies by continuously fine-tuning our traditional products in the new markets to enhance the quality of our existing product series while combining new form of operations in the traditional markets. 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, and have been optimizing our commercial, hotel, cultural and tourist real estate products for ensuring the provision of quality products for the Group's service regime as a whole.

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 introduced new style and technology to our buildings to elevate living quality of our customers. With our aim to provide customers a new lifestyle, we have fully embodied the concept of elegance and convenience in our products, such products were strongly user-oriented with great comfort.

2. Serialisation, standardisation and commercialisation

During the reporting period, apart from the extensive implementation of serialisation and standardisation, the Company showed our care for its customers through products, as a whole, and attention to details in design. In addition, we also conducted a thorough research on market development according to the demands of our customers under new landscape by using internet, a research direction of new products and new technologies has been ensured.

As the "commercialisation for residential properties" will be our core competitive strength, we have continued to keep abreast of avant-garde construction technologies and management system for commercialisation of residential properties, in a bid to consolidate the concept of industrialisation, full refurbishment and green architecture on the basis of serialisation and standardisation, to commence sampling of component and fittings for industrialisation.

Management Discussion and Analysis (Continued)

(V) Customer Service and Customer Relations

During the reporting period, the Company established a novice added-value services model for customers, including a full-scale development of the Online-to-offline (O2O) platform and the golden 1-km services model for community. Meanwhile, we have continued to strengthen the development of customer services regime and elevate our customer service standards, in a bid to further enhance satisfaction of our customers.

During the reporting period, the Company focused on the development of O2O platform for community by fully taking the advantages of property communities, commencing the development of online Jianye APP smart service terminal as well as offline “E+home” community services for the benefit of residents in our communities. By openly consolidating corporate, community and its surrounding resources, we have provided our customers interactive and convenient services listed on our menu, such as daily groceries purchase, property management, family information, hotel spending, football fans interaction and parent-child education, through internet platform, smart palm platform and community smart service terminal. The establishment of O2O platform for community has set a higher standards for the hardware of our products, more importantly, it has provided our customers a brand new model of service experience, giving them a strong sense of safety, happiness and belonging in the community and satisfying different demands from our customers, significantly enhancing, as a result, their better life index.

In addition, the Company has established comprehensive workflow for customer services regime by prioritizing our works in customer services and assessing every workflow, such as design, sales, engineering, properties and customer services, in order to solve all problems frequently faced by customers in the course of property development, thus enhancing the standards of our comprehensive customer services. Further, the Company stepped up the functions of 9617777 service hotline by expanding the community service channels through internet, such as 9617777 wechat and mobile APP, providing our customers a luxury and convenient lifestyle and further enhancing satisfaction of our customers.

Management Discussion and Analysis (Continued)

II. BUSINESS OUTLOOK

(I) Market Outlook

1. The Macro-economic Landscape

In the second half of 2015, the PRC government will continue to implement active fiscal policy and steady monetary policy with extra care for anticipatory adjustments, fine-tuning and targeted regulation. The PRC government will improve micro-level vitality to underpin macroeconomic stability, explore new ways of achieving supply to boost demand, and balance total supply and demand through structural adjustments. In 2015, the Company expects the Chinese economy will grow stably at a slower pace.

With ongoing development of the central China economic zone and the advancement of new urbanisation, economic structure in Henan province will be further optimised, industrial bearing capacity and regional economic competitiveness will also be enhanced. The Company expects Henan's economic growth will continue to be higher than the average growth of China in 2015.

2. The Property Market

With the removal of administrative control measures and the establishment of long-term mechanism for property market, increase in rigid demand facilitated by new urbanisation and stepping up of demand for improvement of living will support the development of the property market. In second half of 2015, capital controls on real estate will be relatively moderate as the PRC government has to ensure smooth implementation of the policies in force. It is expected that the property market, in general, will develop steadily in the second half of 2015, divergence among different cities will be accelerated.

Due to Henan Province's competitive edge in terms of geographic location and population resources, strong and stable rigid demand for housing should be made by the development of property market in the advancement of new urbanisation, bolstering the growth of the property market in a long run. The Company expects the property market in Henan province will continue to enjoy stable development in the second half of 2015.

Management Discussion and Analysis (Continued)

(II) Business Planning

In the second half of 2015, the Company will make greater efforts on land acquisition and accelerate its development in the region of Zhengzhou, further enhance profit of our key regions and facilitate light-asset operation model in other cities with an aim to achieve material growth in scale. In addition, we will seek for marketing innovation by launching a marketing campaign for brand linkage in provincial level as our first move, ensuring to achieve the annual performance of the Company, thus laying a concrete foundation for sustainable and healthy development.

1. Construction Plans

In the second half of 2015, the Company expects to commence construction of a total of 28 projects or phases, with a GFA of 2,201,841 sq.m.

Geographical breakdown of commencement of construction in the second half of 2015

Location	Total GFA (sq.m.)	Percentage (%)
Zhengzhou	1,191,763	54%
Other cities in Henan Province	1,010,078	46%
Total	2,201,841	100%

Management Discussion and Analysis (Continued)

2. Completion plan

The Group expects to complete 30 projects (phases) with a completed GFA of 2,153,025 sq.m. in the second half of 2015.

Expected Completion in the Second Half of 2015

City	Project/Phase Name	Expected completed GFA (sq.m.)
Zhengzhou	Zhengxi Forest Peninsula Phase IV	65,484
Zhengzhou	Wisdom Port	57,015
Zhengzhou	Suoxu River Garden Phase I	85,403
Zhengzhou	Tihome Jianye International City	560,915
Luoyang	Yanshi Forest Peninsula Phase I	25,491
Pingdingshan	Wugang Forest Peninsula Phase II	37,188
Pingdingshan	Eighteen Cities Phase I	71,686
Pingdingshan	Eighteen Cities Phase II	32,903
Pingdingshan	Baofeng Forest Peninsula Phase II	27,399
Hebi	Huaxian Code One City Phase I	27,361
Xinxiang	Changyuan Forest Peninsula Phase I	68,584
Puyang	Jianye City Phase VII (2nd Batch)	50,075
Puyang	Code One City Phase II	157,542
Puyang	Sweet-Scented Osmenthus Garden Phase II	108,947
Luohe	Code One City Phase IV	59,758
Luohe	Code One City Phase VI	50,200
Luohe	Linying Sweet-Scented Osmenthus Garden Phase I (2nd Batch)	83,194
Sanmenxia	Code One City Phase III	81,466
Shangqiu	Eighteen Cities Phase II	38,195
Zhoukou	Forest Peninsula Phase V	35,772
Zhoukou	Huaiyang Sweet-Scented Osmenthus Garden Phase III	27,658
Zhumadian	Eighteen Cities Phase II	29,468
Zhumadian	Eighteen Cities Phase III	38,091
Zhumadian	Suiping Forest Peninsula Phase II	30,812
Zhumadian	Xiping Forest Peninsula Phase II	27,924
Nanyang	Forest Peninsula Phase V	147,273
Xinyang	Code One City Phase II	103,708
Jiyuan	U-Town Phase II	23,513
Total		2,153,025

Management Discussion and Analysis (Continued)

III. FINANCIAL ANALYSIS

Revenue: Our revenue increased by 26.8% to approximately RMB3,894 million for the six months ended 30 June 2015 from approximately RMB3,072 million for the same period of 2014, primarily due to an increase in sold area of property sales and revenue from hotel operations.

- **Income from sales of properties:** Revenue from property sales increased to approximately RMB3,765 million for the six months ended 30 June 2015 from approximately RMB2,965 million for the same period of 2014, due to an increase in sold area from 490,883 sq.m. for the six months ended 30 June 2014 to 694,818 sq.m. for the six months ended 30 June 2015, but average selling price decreased to RMB5,419 per sq.m. in the first half of 2015 from approximately RMB6,040 per sq.m. for the same period of 2014. The increase in sold area was stimulated by our strategy of accelerated inventory clearance. Due to our sales strategy and the change in product mix, the average selling price decreased.
- **Rental income:** Revenue from property leasing of approximately RMB51 million for the six months ended 30 June 2015, which was mainly derived from rental income of commercial buildings and shopping malls.
- **Revenue from hotel operations:** Revenue from hotel operations increased by 43.5% to approximately RMB78 million for the six months ended 30 June 2015 from approximately RMB54 million for the same period of 2014. The increase was due to the continuous improvement in hotel operation in each hotel.

Cost of sales: Our cost of sales increased by 57% to approximately RMB2,809 million for the six months ended 30 June 2015 from approximately RMB1,789 million for the same period of 2014. The increase in cost of sales is substantially due to the 41.5% increase in GFA sold in property sales as mentioned above and the corresponding increase in land and construction costs.

Gross profit: As a result of the aforesaid changes in revenue and cost of sales, our gross profit decreased by 15.4% to approximately RMB1,085 million for the six months ended 30 June 2015 from approximately RMB1,283 million for the same period of 2014, while our gross profit margin decreased from 41.8% for the six months ended 30 June 2014 to 27.9% for the six months ended 30 June 2015.

Other revenue: Other revenue from operations increased by 226.6% from approximately RMB33 million to approximately RMB106 million for the period, primarily due to an increase in interest income from advances to related parties.

Other net income/(loss): Other net income of approximately RMB49 million for the period was primarily attributable to the gain on disposals of subsidiaries and the unrealised mark-to-market gain incurred by trading securities.

Management Discussion and Analysis (Continued)

Selling and marketing expenses: Selling and marketing expenses increased by 45.0% from approximately RMB172 million to approximately RMB250 million. The increase was primarily due to increased advertising and promotional expenses associated with our new projects, 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 RMB241 million to approximately RMB305 million, an increase of 26.7%, 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 67.0% to approximately RMB13 million from approximately RMB39 million for the period, primarily due to a decrease in the recognition of revenue of joint ventures resulted from major joint-venture projects are under development. The revenue of the Group's joint ventures amounted to approximately RMB220 million (same period of 2014: RMB921 million), representing sales of 39,890 sq.m. (same period of 2014: 121,462 sq.m.) for the period, in which revenue of RMB113 million (same period of 2014: RMB468 million), representing sales of 20,438 sq.m. (same period of 2014: 61,605 sq.m.), was attributable to the Group.

Finance costs: Finance costs increased by 36.0% to approximately RMB177 million from approximately RMB130 million for the period, primarily due to an increase in total borrowings.

Income tax: Income tax comprises corporate income tax and land appreciation tax. Our income tax decreased by 46.8% from approximately RMB403 million to approximately RMB215 million for the period. Effective tax rate decreased from 49.0% to 40.0% for the period, which is mainly due to a decrease in profit margin and reversal of tax provision of previous years.

Profit for the year: As a result of the foregoing, our profit for the six months ended 30 June 2015 decreased by 23.5% to approximately RMB321 million from approximately RMB420 million for the same period in 2014.

Financial resources and utilisation: As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB5,927 million (31 December 2014: RMB5,019 million). During the reporting period, the Group distributed a final dividend of approximately RMB267 million to the shareholders of the Company in relation to full-year profit attributable to the year ended 31 December 2014. Interim dividend of approximately RMB100 million and final dividend of approximately RMB210 million in respect of 2013 had been distributed in October 2013 and June 2014 respectively.

Management Discussion and Analysis (Continued)

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the six months ended 30 June 2015, we successfully issued the US\$300m Senior Notes. As at 30 June 2015, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Bank loans		
Within one year	1,091,500	1,129,562
More than one year, but not exceeding two years	984,919	1,494,753
More than two years, but not exceeding five years	640,000	166,985
Exceeding five years	191,960	226,985
	2,908,379	3,018,285
Other loans		
Within one year	955,000	280,000
More than one year, but not exceeding two years	105,000	890,000
More than two years, but not exceeding five years	412,700	–
Exceeding five years	75,000	–
	1,547,700	1,170,000
Senior notes		
Within one year	791,583	–
More than one year, but not exceeding two years	899,273	–
More than two years, but not exceeding five years	3,679,623	4,147,152
Exceeding five years	1,834,282	1,221,560
	7,204,761	5,368,712
Total borrowings	11,660,840	9,556,997
Deduct:		
Cash and cash equivalents	(5,926,516)	(5,018,511)
Net borrowings	5,734,324	4,538,486
Total equity	6,913,057	7,066,916
Net gearing ratio (%)	82.9%	64.2%

Management Discussion and Analysis (Continued)

Pledge of assets: As at 30 June 2015, we had pledged completed properties, properties under development, properties for future development and property, plant and equipment with an aggregate carrying amount of approximately RMB4,816 million (31 December 2014: approximately RMB4,374 million) to secure general bank credit facilities and other loans granted to the Group, and pledged properties under development, investment properties and plant and equipment with aggregate carrying amount of approximately RMB657 million (31 December 2014: approximately RMB538 million) to secure bank loans and other loans of joint ventures. We also pledged the Group's 10% equity interests in a joint venture to secure other loans granted to the Group and a joint venture.

Financial guarantees: As at 30 June 2015, we provided guarantees of approximately RMB12,160 million (31 December 2014: approximately RMB11,636 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 RMB4,621 million as at 30 June 2015 (31 December 2014: approximately RMB3,798 million).

Capital commitment: As at 30 June 2015, 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 RMB7,958 million (31 December 2014: approximately RMB7,729 million), and we had authorised, but not yet contracted for, a further approximately RMB17,807 million (31 December 2014: approximately RMB16,191 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 2015, our major non-RMB assets and liabilities are (i) bank deposits denominated in H.K. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. 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

In April 2015, the Company issued the US\$300 million Senior Notes for the purposes of refinancing and for general corporate purposes.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had 1,902 employees (31 December 2014: 2,141 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 labour dispute which has or may have an adverse impact on our business operations.

Disclosure of Interests

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

As at 30 June 2015, 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")) required to be 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 Schemes" 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 ⁴
Mr. Wu Po Sum	Interest in a controlled corporation	1,146,315,639 ¹	46.94%
	Beneficial owner	2,050,400 ²	0.08%
Ms. Yan Yingchun	Beneficial owner	500,000 ²	0.02%
Ms. Wu Wallis (alias Li Hua)	Beneficial owner	1,500,000 ^{2,3}	0.06%
Mr. Chen Jianye	Beneficial owner	6,185,000 ²	0.25%

Disclosure of Interests (Continued)

(b) Long positions in the Debentures

- S\$175,000,000 aggregate principal amount of its 10.75% Senior Notes due 2016 (the "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 ⁵
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	S\$250,000	0.14%

- US\$200,000,000 aggregate principal amount of its 8.0% Senior Notes due 2020 (the "US\$200 Million Senior Notes")

Name	Capacity	Amount of Debentures	Approximate percentage of the interest in the US\$200 Million Senior Notes ⁶
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US\$500,000	0.25%

Notes:

- 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.
- 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 26 to 28 of this interim report.
- 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.
- The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,217,760 Shares of the Company as at 30 June 2015 in issue.
- The percentage of the interest in the S\$175 Million Senior Notes is based on the aggregate principal amount of S\$175,000,000.
- The percentage of the interest in the US\$200 Million Senior Notes is based on the aggregate principal amount of US\$200,000,000.

Disclosure of Interests (Continued)

Save as disclosed above or under the section headed "Share Option Schemes" below, as at 30 June 2015, 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 adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the option is HK\$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).

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

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

Disclosure of Interests (Continued)

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 31 December 2014, share options to subscribe for 40,393,880 Shares (representing approximately 1.66% of the issued share capital of the Company as at the date of the 2014 annual report of the Company dated 20 March 2015) remained outstanding. As at 30 June 2015, share options to subscribe for 33,520,720 Shares (representing approximately 1.37% of the issued share capital of the Company as at the date of this interim report) 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 for the 6 months from 1 January 2015 to 30 June 2015 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	Exercise period (Notes)	As at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2015
Directors								
Mr. Wu Po Sum	25 May 2010	HK\$1.853	2	2,050,400	-	-	-	2,050,400
Ms. Yan Yingchun	25 May 2010	HK\$1.853	2	820,160	-	(820,160)	-	0
	27 March 2013	HK\$2.560	4	500,000	-	-	-	500,000
Ms. Wu Wallis	27 March 2013	HK\$2.560	4	1,500,000	-	-	-	1,500,000
				4,870,560	-	(820,160)	-	4,050,400
Chief Executive Officer								
Mr. Chen Jianye	25 May 2010	HK\$1.853	2	2,560,000	-	(1,375,000)	-	1,185,000
	25 July 2011	HK\$2.160	3	5,000,000	-	-	-	5,000,000
Senior Management, other employees and consultants of the Group								
	25 May 2010	HK\$1.853	2	6,293,560	-	(1,678,000)	-	4,615,560
	25 July 2011	HK\$2.160	3	4,500,000	-	(3,000,000)	-	1,500,000
	27 March 2013	HK\$2.560	4	17,169,760	-	-	-	17,169,760
				40,393,880	-	(6,873,160)	-	33,520,720

Disclosure of Interests (Continued)

Notes:

1. 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.

2. The share options are divided into 3 tranches exercisable from 25 May 2011, 25 May 2012 and 25 May 2013 respectively to 24 May 2020.
3. The share options are divided into 3 tranches exercisable from 25 July 2012, 25 July 2013 and 25 July 2014 respectively to 24 July 2021.
4. The share options are divided into 3 tranches exercisable from 27 March 2014, 27 March 2015 and 27 March 2016 respectively to 26 March 2023.

Additional information in relation to the Share Option Scheme is set out in note 19 to the financial statements of this interim report.

Disclosure of Interests (Continued)

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 2015, 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 Schemes" 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	46.94%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228 ³	26.95%
CapitaLand China Holdings Pte Ltd. ("CapitaLand China")	Interest of controlled corporation	658,116,228 ³	26.95%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest of controlled corporation	658,116,228 ³	26.95%
CapitaLand Limited ("CapitaLand")	Interest of controlled corporation	658,116,228 ³	26.95%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest of controlled corporation	658,116,228 ³	26.95%

Disclosure of Interests (Continued)

Notes:

1. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,217,760 Shares of the Company as at 30 June 2015 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 40.77% 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.

Save as disclosed above, as at 30 June 2015, 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 2015, 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.6.7 and E.1.2 as addressed below.

- 1. Code Provision A.6.7 — This Code Provision stipulates that independent non-executive Directors and other nonexecutive 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. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang 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 15 May 2015 (the "2015 AGM") as they were out of town for other businesses.

- 2. 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 2015 AGM as he was out of town for other business.

In his absence, the other members of the remuneration committee, Mr. Wu Po Sum and Mr. Cheung Shek Lun, attended the 2015 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 2015.

Corporate Governance and Other Information (Continued)

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGES SINCE 31 DECEMBER 2014

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 2014.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of directors which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the date of the 2014 Annual Report of the Company are set out below:

Name of Director	Details of Changes
Mr. Xin Luo Lin	<ol style="list-style-type: none">1. Appointed as an independent non-executive director of ASR Logistics Holdings Limited (Stock code: 1803), a company listed on the Main Board of the Stock Exchange, with effect from 23 April 2015.2. Re-designated as a non-executive director of Enerchina Holdings Limited (Stock code: 622), a company listed on the Main Board of the Stock Exchange, with effect from 21 May 2015.3. Retired as an independent non-executive director of China Environmental Technology Holdings Limited ("China Environmental") (Stock code: 646), a company listed on the Main Board of the Stock Exchange, with effect from the close of the annual general meeting of China Environmental held on 27 May 2015.4. Appointed as a non-executive director of China Trends Holdings Limited (Stock code: 8171), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 1 August 2015.

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 2015.

Consolidated Income Statement

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Thousand Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	3	3,894,151	3,071,587
Cost of sales		(2,809,041)	(1,788,929)
Gross profit		1,085,110	1,282,658
Other revenue	4	106,311	32,553
Other net income/(loss)	4	49,342	(41,719)
Selling and marketing expenses		(249,861)	(172,288)
General and administrative expenses		(304,859)	(240,602)
Other operating income		13,753	49,970
		699,796	910,572
Share of losses of associates		(822)	(1,265)
Share of profits less losses of joint ventures		12,704	38,554
Finance costs	5(a)	(177,333)	(130,405)
Profit before change in fair value of investment properties and income tax		534,345	817,456
Net increase in fair value of investment properties	9	1,407	5,400
Profit before taxation	5	535,752	822,856
Income tax	6	(214,520)	(402,993)
Profit for the period		321,232	419,863
Attributable to:			
Equity shareholders of the Company		318,198	392,124
Non-controlling interests		3,034	27,739
Profit for the period		321,232	419,863
Earnings per share	7		
— Basis (RMB cents)		13.06	16.10
— Diluted (RMB cents)		13.05	16.09

The accompanying notes form part of this interim financial report.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Thousand Yuan)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit for the period	321,232	419,863
Other comprehensive income for the period		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of foreign subsidiaries	(3,297)	(4,943)
— Cash flow hedge:		
— effective portion of changes in fair value	(29,384)	15,597
— transfer from equity to profit or loss	27,740	(4,585)
Total other comprehensive income for the period	(4,941)	6,069
Total comprehensive income for the period	316,291	425,932
Attributable to:		
Equity shareholders of the Company	313,341	400,398
Non-controlling interests	2,950	25,534
Total comprehensive income for the period	316,291	425,932

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 2015

(Expressed in Renminbi Thousand Yuan)

	Note	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	2,726,784	2,685,326
Investment properties	9	409,300	377,000
Interests in associates		26,229	45,074
Interests in joint ventures	10	5,562,065	4,043,612
Other financial assets		110,080	110,080
Deferred tax assets		170,847	150,717
		9,005,305	7,411,809
Current assets			
Trading securities		103,013	67,039
Properties for sale	11	16,414,784	17,655,928
Trade and other receivables	12	1,119,895	1,021,275
Deposits and prepayments	13	4,444,871	4,520,545
Taxation recoverable		267,780	171,583
Restricted bank deposits	14	1,158,114	1,473,408
Cash and cash equivalents		5,926,516	5,018,551
		29,434,973	29,938,289
Current liabilities			
Bank loans	15	(1,091,500)	(1,129,562)
Other loans	16	(955,000)	(280,000)
Payables and accruals	17	(13,441,638)	(15,899,045)
Receipts in advance		(5,101,535)	(3,277,222)
Senior notes	18	(791,583)	–
Taxation payable		(1,232,567)	(1,487,462)
		(22,613,823)	(22,073,291)
Net current assets		6,821,150	7,864,998
Total assets less current liabilities		15,826,455	15,276,807

Consolidated Statement of Financial Position (Continued)

at 30 June 2015

(Expressed in Renminbi Thousand Yuan)

	Note	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Non-current liabilities			
Bank loans	15	(1,816,879)	(1,888,723)
Other loans	16	(592,700)	(890,000)
Senior notes	18	(6,413,178)	(5,368,712)
Deferred tax liabilities		(90,641)	(62,456)
		(8,913,398)	(8,209,891)
NET ASSETS		6,913,057	7,066,916
CAPITAL AND RESERVES			
Share capital		216,312	215,770
Reserves		6,176,841	6,227,392
Total equity attributable to equity shareholders of the Company		6,393,153	6,443,162
Non-controlling interests		519,904	623,754
TOTAL EQUITY		6,913,057	7,066,916

The accompanying notes form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Thousand Yuan)

	Attributable to equity shareholders of the Company												
	Note	Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve (Note 19 (c))	Property revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015		215,770	1,652,831	1,502,727	582,289	121,723	20,067	6,479	(43,467)	2,384,743	6,443,162	623,754	7,066,916
Changes in equity for the six months ended 30 June 2015:													
Profit for the period		-	-	-	-	-	-	-	-	318,198	318,198	3,034	321,232
Other comprehensive income		-	-	-	-	(3,213)	-	-	(1,644)	-	(4,857)	(84)	(4,941)
Total comprehensive income		-	-	-	-	(3,213)	-	-	(1,644)	318,198	313,341	2,950	316,291
Dividends declared and paid	19(b)(ii)	-	-	-	-	-	-	-	-	(267,416)	(267,416)	-	(267,416)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(4,328)	(4,328)
Appropriation to statutory reserve fund		-	-	50,440	-	-	-	-	-	(50,440)	-	-	-
Share issued under share option scheme	19(a)	542	13,199	-	-	-	(2,968)	-	-	-	10,773	-	10,773
Equity settled share-based payment		-	-	-	-	-	1,482	-	-	-	1,482	-	1,482
Acquisition of additional interest in subsidiaries		-	-	-	(108,189)	-	-	-	-	-	(108,189)	(70,089)	(178,278)
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	(9,983)	(9,983)
Capital reduction by non-controlling interests		-	-	-	-	-	-	-	-	-	-	(22,400)	(22,400)
Balance at 30 June 2015		216,312	1,666,030	1,553,167	474,100	118,510	18,581	6,479	(45,111)	2,385,085	6,393,153	519,904	6,913,057

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Thousand Yuan)

	Attributable to equity shareholders of the Company														Total equity
	Note	Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve (Note 19 (c))	Equity component of convertible bonds	Warrant reserve	Property revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	
		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	19(b)(i)	-	-	-	-	-	-	-	-	-	-	(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

The accompanying notes form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Thousand Yuan)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Operating activities		
Cash (used in)/generated from operations	(120,545)	1,086,870
Income tax paid	(605,605)	(514,886)
Net cash (used in)/generated from operating activities	(726,150)	571,984
Investing activities		
Payment for purchase of property, plant and equipment	(132,650)	(455,699)
Acquisition of additional interests in subsidiaries	(178,278)	(145,695)
Advances to joint ventures	(837,304)	(117)
Repayment from joint ventures	165,238	246,005
Other cash flows arising from investing activities	268,612	53,023
Net cash used in investing activities	(714,382)	(302,483)
Financing activities		
Net proceeds from senior notes	1,845,183	985,952
Proceeds from bank loans and other loans	3,680,000	1,850,257
Repayment of bank loans and other loans	(2,519,906)	(648,806)
Other cash flows arising from financing activities	(646,799)	(559,861)
Net cash generated from financing activities	2,358,478	1,627,542
Net increase in cash and cash equivalents	917,946	1,897,043
Cash and cash equivalents at 1 January	5,018,511	4,812,575
Effect of changes in foreign exchange rate	(9,941)	19,888
Cash and cash equivalents at 30 June	5,926,516	6,729,506

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 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 31 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("HKFRSs") 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 have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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 2014 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 2014 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 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2015.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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) Revenue from major services

The Group's revenue from its major services is set out in note 3.

(c) Geographic information

No geographical information is shown as the revenue and profit from operations of the Group is substantially derived from activities in Henan province in the People's Republic of China ("PRC").

3 REVENUE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Income from sales of properties	3,765,474	2,964,755
Rental income	51,111	52,788
Revenue from hotel operations	77,566	54,044
	3,894,151	3,071,587

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Other revenue		
Interest income	104,994	28,720
Dividend income from equity securities	567	3,083
Others	750	750
	106,311	32,553
Other net income/(loss)		
Net exchange loss	(16,752)	(26,227)
Unrealised and realised gain/(loss) on trading securities	43,336	(22,803)
Gain on disposals of subsidiaries	14,288	–
Loss on deemed disposal of a subsidiary	(812)	–
Gain on disposal of an associate	1,567	–
Net (loss)/gain on disposal of property, plant and equipment (note 8)	(32)	521
Others	7,747	6,790
	49,342	(41,719)

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(a) Finance costs		
Interest on bank loans	119,715	72,821
Interest on other loans	63,792	83,830
Interest on convertible bonds	–	52,357
Interest on senior notes	251,602	190,359
Other ancillary borrowing costs	2,769	1,864
	437,878	401,231
Less: Borrowing costs capitalised	(258,804)	(273,398)
	179,074	127,833
Net change in fair value of derivatives embedded to senior notes	(1,741)	2,572
	177,333	130,405
(b) Other items		
Depreciation and amortisation	84,378	75,015
Cost of properties sold	2,792,853	1,775,346

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporate Income Tax	207,681	202,221
PRC Land Appreciation Tax		
— Provision for the period	142,386	216,476
— Over-provision in prior years	(143,604)	—
	206,463	418,697
Deferred tax		
Revaluation of properties	186	1,185
PRC Land Appreciation Tax	(20,129)	(16,889)
Others	28,000	—
	8,057	(15,704)
	214,520	402,993

(a) Under 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 2014: 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 2014: 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 2014: 25%) on the estimated assessable profits for the period.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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 2014: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

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 RMB318,198,000 (six months ended 30 June 2014: RMB392,124,000) and the weighted average of 2,436,943,000 shares (six months ended 30 June 2014: 2,435,345,000 shares) in issue during the interim period.

	Six months ended 30 June	
	2015 '000	2014 '000
Issued ordinary shares at 1 January	2,435,345	2,435,345
Effect of exercised share options	1,598	–
Weighted average number of ordinary shares at 30 June	2,436,943	2,435,345

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the period ended 30 June 2015, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB318,198,000 (six months ended 30 June 2014: RMB392,124,000) and the weighted average number of ordinary shares of 2,437,737,000 shares (six months ended 30 June 2014: 2,436,272,000 shares), calculated as follows:

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit attributable to equity shareholders (diluted)	318,198	392,124

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

	Six months ended 30 June	
	2015	2014
	'000	'000
Weighted average number of ordinary shares at 30 June	2,436,943	2,435,345
Effect of relevant share options	794	927
Weighted average number of ordinary shares at 30 June (diluted)	2,437,737	2,436,272

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group's additions in property, plant and equipment amounted to RMB132,650,000 (six months ended 30 June 2014: RMB455,707,000). Items of property, plant and equipment with a net book value of RMB6,814,000 (six months ended 30 June 2014: RMB519,000) were disposed of during the six months ended 30 June 2015, resulting in a net loss on disposal of RMB32,000 (six months ended 30 June 2014: net gain on disposal of RMB521,000).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 INVESTMENT PROPERTIES

All investment properties of the Group were revalued as at 30 June 2015 and 31 December 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 and reversionary market rents. It has also taken into account the reversionary market rents after the expiry of tenancies in capitalisation.

During the six months ended 30 June 2015, the net increase in fair value of investment properties was RMB1,407,000 (six months ended 30 June 2014: RMB5,400,000) and the additions in investment properties amounted to RMB5,658,000 (six months ended 30 June 2014: RMB Nil).

During the six months ended 30 June 2015, properties held for sale of RMB25,235,000 were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer and revaluation surplus of RMB3,365,000 had been dealt with in the consolidated income statement.

10 INTERESTS IN JOINT VENTURES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Share of net assets	3,489,916	2,643,529
Amounts due from joint ventures	2,072,149	1,400,083
	5,562,065	4,043,612

Amounts due from joint ventures except for an amount of RMB74,400,000 (31 December 2014: RMB234,000,000) which is interest bearing at 11.5% per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

As at 30 June 2015, the Group's 10% equity interest in a joint venture was pledged as security of the Group's other loan of RMB7,700,000 (31 December 2014: RMBNil) (note 16) and that joint venture's other loan of RMB492,300,000 (31 December 2014: RMBNil).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 PROPERTIES FOR SALE

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties held for future development and under development for sale	11,326,438	12,214,200
Completed properties held for sale	5,088,346	5,451,728
	16,414,784	17,665,928

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bills receivables (note (a))	8,600	4,857
Trade receivables (note (a))	67,814	47,942
Other receivables	183,730	153,536
Amounts due from related companies (note (b))	524,153	476,921
Amounts due from non-controlling interests (note (c))	251,213	255,179
Amount due from a former joint venture	–	10,200
Amount due from a joint venture partner (note (d))	51,000	51,000
Gross amounts due from customers for contract work	14,085	14,085
Derivative financial instruments (notes 18(b), 18(c), 18(e) and 20(a))	19,300	7,555
	1,119,895	1,021,275

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current	61,980	41,324
1 to less than 3 months overdue	4,458	3,564
3 to less than 6 months overdue	1,273	1,033
6 months to less than 1 year overdue	969	–
More than 1 year overdue	7,734	6,878
	76,414	52,799

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.

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 to be fully recoverable. The Group does not hold any collateral over these balances.

- (b) The amounts due from related companies included an amount of RMB39,015,000 (31 December 2014: RMB39,015,000) 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 amounts are unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB366,140,000 (31 December 2014: RMB331,190,000) 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 2014: RMB77,770,000) 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (c) The amounts due from non-controlling interests included (i) amounts of RMB20,000,000 (31 December 2014: RMB20,000,000) and RMB15,300,000 (31 December 2014: RMB15,300,000) which are secured by the equity interests of certain PRC subsidiaries that partially owned by the non-controlling interests, interest-free and have no fixed terms of repayment; and (ii) an amount of RMB3,500,000 (31 December 2014: RMB3,500,000) which is unsecured, interest bearing at 2% per annum 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) 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 2015, the balance included deposits and prepayments for leasehold land of RMB3,720,259,000 (31 December 2014: RMB3,852,648,000).

14 RESTRICTED BANK DEPOSITS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	462,544	453,965
— bills payable	695,570	1,019,443
	1,158,114	1,473,408

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 BANK LOANS

(a) At 30 June 2015, bank loans were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	1,091,500	1,129,562
After 1 year but within 2 years	984,919	1,494,753
After 2 years but within 5 years	640,000	166,985
After 5 years	191,960	226,985
	1,816,879	1,888,723
	2,908,379	3,018,285

(b) At 30 June 2015, bank loans were secured as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans		
— secured	1,903,379	1,855,244
— unsecured	1,005,000	1,163,041
	2,908,379	3,018,285

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 BANK LOANS (Continued)

(b) (Continued)

At 30 June 2015, assets of the Group against which bank loans are secured are analysed as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties for sale	3,432,523	2,842,201
Property, plant and equipment	927,684	1,192,282
	4,360,207	4,034,482

(c) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain financial ratios, which 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 2015 and 31 December 2014, none of the covenants relating to drawn down facilities had been breached.

16 OTHER LOANS

(a) At 30 June 2015, other loans were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	955,000	280,000
After 1 year but within 2 years	105,000	890,000
After 2 years but within 5 years	412,700	–
After 5 years	75,000	–
	592,700	890,000
	1,547,700	1,170,000

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

16 OTHER LOANS (Continued)

(b) At 30 June 2015, other loans were secured as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Other loans		
— secured	1,047,700	890,000
— unsecured	500,000	280,000
	1,547,700	1,170,000

At 30 June 2015, assets of the Group against which other loans are secured as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties for sale	456,118	339,590

As at 30 June 2015, the Group's other loan of RMB7,700,000 (31 December 2014: RMBNil) is secured by the Group's 10% equity interests in a joint venture.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 PAYABLES AND ACCRUALS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bills payables (note (a))	690,818	1,011,627
Trade payables (note (a))	4,366,282	4,960,382
Other payables and accruals	1,707,762	2,295,169
Amounts due to joint ventures (note (b))	5,846,107	6,796,082
Amount due to a former non-controlling interest (note (b))	37,300	–
Amounts due to non-controlling interests (note (c))	620,030	691,830
Amount due to an associate (note (b))	21,381	21,381
Derivative financial instruments — held as cash flow hedging instrument (notes 18(a), 18(d) and 20(a))	151,958	122,574
	13,441,638	15,899,045

At 30 June 2015, included in trade and other payables and accruals are retention payable of RMB77,499,000 (31 December 2014: RMB56,292,000), which are expected to be settled after 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 2015 RMB'000	At 31 December 2014 RMB'000
Due within 1 month or on demand	1,941,427	2,532,902
Due after 1 month but within 3 months	528,002	683,468
Due after 3 months but within 6 months	742,907	677,847
Due after 6 months but within 1 year	1,010,204	1,191,816
Due after 1 year	834,560	885,976
	5,057,100	5,972,009

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 PAYABLES AND ACCRUALS (Continued)

- (c) The amounts due to non-controlling interests included amounts of RMB265,000,000 and RMB100,000,000 (31 December 2014: RMB265,000,000 and RMB100,000,000) which are unsecured, interest bearing at 10% per annum and 9.41% per annum respectively (31 December 2014: 10% per annum and 9.41% per annum respectively) and have no fixed terms of repayment. The remaining amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

18 SENIOR NOTES

Liability Component of the Senior Notes

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
SGD175m Senior Notes (note (a))	791,583	798,528
US\$200m Senior Notes (note (b))	1,226,938	1,221,560
US\$400m Senior Notes (note (c))	2,452,685	2,440,968
SGD200m Senior Notes (note (d))	899,273	907,656
US\$300m Senior Notes (note (e))	1,834,282	–
	7,204,761	5,368,712

- (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 which is 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 2015, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB61,323,000 (31 December 2014: RMB51,948,000) (note 17), which is measured based on market price quoted by brokers.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 SENIOR NOTES (Continued)

Liability Component of the Senior Notes (Continued)

- (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 which is 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.
- (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 which is 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 2015, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB90,635,000 (31 December 2014: RMB70,626,000) (note 17) is measured based on market price quoted by brokers.

- (e) On 23 April 2015, the Company issued senior notes with principal amount of US\$300,000,000 due in 2021 ("US\$300m Senior Notes"). The senior notes are interest bearing at 8.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 January 2021. At any time and from time to time on or after 23 January 2019, 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 23 January 2019, 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Issue of shares under share option scheme

During the six months ended 30 June 2015, options were exercised to subscribe for totally 6,873,160 ordinary shares (note 19 (c)(v)) in the Company at a total consideration of HK\$13,655,000 (equivalent to RMB10,773,000) of which HK\$687,000 (equivalent to RMB542,000) was credited to share capital and the balance of HK\$12,968,000 (equivalent to RMB10,231,000) was credited to the share premium account. HK\$3,762,000 (equivalent to RMB2,968,000) had been transferred from share-based compensation reserve to the share premium account in accordance with the Group's accounting policy.

(b) Dividends

- (i) No interim dividend proposed after the interim period.
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK13.6 cents (equivalent to RMB10.88 cents) (six months ended 30 June 2014: HK10.7 cents (equivalent to RMB8.62 cents)) per ordinary share	267,416	210,148

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Equity Settled Share-Based Transaction

(i) 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.

(ii) 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Equity Settled Share-Based Transaction (Continued)

(iii) 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.

(iv) 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Equity Settled Share-Based Transaction (Continued)

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

	2015		2014	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at 1 January	2.28	40,393,880	2.28	45,244,280
Exercised during the period	1.99	(6,873,160)	–	–
Outstanding at 30 June	2.34	33,520,720	2.28	45,244,280
Exercisable at 30 June	2.27	25,360,720	2.07	22,884,280

The options outstanding at 30 June 2015 had a weighted average exercise price of HK\$2.34 (30 June 2014: HK\$2.28) and a weighted average remaining contractual life of 6.6 years (2014: 7.6 years).

20 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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value measurements as at 30 June 2015 categorised into			
	Fair value at 30 June 2015 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	103,013	103,013	—	—
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	5,612	—	5,612	—
— Redemption call option of US\$400m Senior Notes	4,131	—	4,131	—
— Redemption call option of US\$300m Senior Notes	9,557	—	9,557	—
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contracts	151,958	—	151,958	—

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2014 categorised into			
	Fair value at 31 December 2014	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	67,039	67,039	—	—
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	2,887	—	2,887	—
— Redemption call option of US\$400m Senior Notes	4,668	—	4,668	—
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contracts	122,574	—	122,574	—

During the six months ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

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

The fair value of redemption call options of US\$200m Senior Notes, US\$400m Senior Notes and US\$300m 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 foreign 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.

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.

(iii) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2015 and 31 December 2014. Amounts due from/(to) related companies, an associate, joint ventures, a former joint venture, a joint venture partner, non-controlling interests and a former non-controlling interest are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

21 COMMITMENTS

Capital commitments outstanding at 30 June 2015 not provided for in the interim financial report are as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties under development undertaken by the Group		
— Authorised but not contracted for	15,110,196	13,303,262
— Contracted but not provided for	7,240,151	6,591,546
	22,350,347	19,894,808

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

21 COMMITMENTS (Continued)

Capital commitments in respect of land and development costs for the Group's properties under development by joint ventures:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	2,696,639	2,887,871
— Contracted but not provided for	717,847	1,137,269
	3,414,486	4,025,140

22 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 2015 are as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	10,376,147	10,536,432
— the joint ventures' properties (the Group's shared portion)	1,784,085	1,099,554
	12,160,232	11,635,986

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

22 CONTINGENT LIABILITIES (Continued)

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

The directors do not consider it 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 RMB4,621,130,000 as at 30 June 2015 (31 December 2014: RMB3,797,830,000). 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 RMB Nil (31 December 2014: RMB Nil).

23 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 2015 are as follows:

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Interest income from joint ventures	(a)	62,777	–
Interest income from non-controlling interests	(a)	9,966	–
Project management fee income from joint ventures	(b)	–	32,263
Interest expenses to joint ventures	(c)	–	(24,001)
Interest expenses to non-controlling interests	(c)	(16,075)	–
Directors' and chief executive's remuneration	(d)	(4,341)	(4,053)

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) The amounts represent interest income in relation to advances to joint ventures and non-controlling interests.
- (b) The amount represented project management fee received from joint ventures for the management of property development projects.
- (c) The amounts represent interest expenses in relation to loans from joint ventures and non-controlling interests.
- (d) The directors' and chief executive's remuneration during the period are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Directors' fees	284	283
Salary and other emoluments	4,014	3,692
Contribution to retirement benefit schemes	12	17
Share-based payment	31	61
	4,341	4,053

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 3 August 2015, the Group entered into a non-binding strategic cooperation agreement (the "Cooperation Agreement") with 中原銀行股份有限公司 (Zhongyuan Bank Co., Ltd.*) ("Zhongyuan Bank") in connection with the provision of various financial services (the "Financial Service") to the Group. Under the Financial Service, Zhongyuan Bank will provide a facility with a maximum of RMB30 billion through various corporate finances in both equity and debt. Details are disclosed in the Company's announcement dated 4 August 2015.
- (b) On 11 August 2015, the Group entered into an equity transfer agreement with Bridge Trust Company Limited, pursuant to which the Group agreed to acquire 40% equity interest in Zhengzhou Tianming Real Estate Company Limited* ("CCRE Tianming") at the consideration of RMB770,667,000.

As at 30 June 2015, CCRE Tianming is a joint venture owned as to 60% by the Group. Upon completion of the equity transfer, CCRE Tianming will become a wholly-owned subsidiary of the Group. Details of the transaction are disclosed in the Company's announcement dated 11 August 2015.

* For identification purposes only



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 33 to 66 which comprises the consolidated statement of financial position of Central China Real Estate Limited as of 30 June 2015 and the related consolidated income statement, statement of comprehensive income, 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 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
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10 Chater Road
Central, Hong Kong

31 August 2015