建業地產股份有限公司
Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 0832.HK
www.centralchina.com

根植中原造福百姓

胡葆森

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

2016 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. Puah Tze Shyang
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

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

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 24 years, we have continued to guide residents to new exposures in lifestyle through our articulately crafted architectural masterpieces and excellent caring services 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 society in the same way as trees relate to the earth. When we establish our presence in a city, we cooperate 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 of Henan Province and promoting its economic and social growth 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 24 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 the Henan Province 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 internal and external resources, such as property, education, hotel, football, commerce and green house, with a view to activating the "New Blue Ocean Strategy" and 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 24 years, the Company has fostered a "CCRE model" focused on provincial and regional development, created a brand name well trusted for social responsibility, groomed a high calibre management team, given substance to the corporate philosophy of "perseverance for excellence" and embarked on a development cycle of "ongoing profitability and stable growth".

As of now, the Company has established its presence in Henan's 18 prefecture-level cities and 25 county-level cities. As at 30 June 2016, the Company had completed development projects with an accumulated aggregate gross floor area ("GFA") of approximately 17.07 million square metres ("sq.m.") and owned 54 projects/phases, total GFA under development of approximately 5.54 million sq.m. and land reserves GFA of approximately 18.96 million sq.m., including beneficially interested GFA of approximately 15.65 million sq.m.. During the reporting period, GFA measured approximately 1.18 million sq.m. for newly commenced projects and approximately 1.13 million sq.m. for contracted sales.

CORPORATE PROFILE *(Continued)*

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

The Company was ranked 28th in the "2016 Top 500 Chinese Property Developers" in the "2016 Assessment Report on Top 500 Chinese Property Developers" published on 22 March 2016 and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for eight consecutive years in a row and continued to be ranked in "Top 5 PRC Listed Property Companies in Operations Performance". According to the Evaluation and Research Report on the Listed Real Estate Companies in the PRC in 2016 published by China Real Estate Association on 26 May 2016, the Company was ranked 26th on the "China Real Estate Listed Company Ranking List" and ranked 4th among the listed property companies in China in terms of operations performance. On 13 July 2016, the Company remained in "the China's Top 500 Enterprises 2016" by Fortune Magazine (Chinese version), ranking up by 73 positions to the 398th and the only property developer enterprise in Henan province which has made it to 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 country.

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 and the business review of the Group for the six months ended 30 June 2016.

In the first half of 2016, the landscape of the global economy remained rugged, the withdrawal of the United Kingdom from the European Union (the "EU") made material impact on the EU as well as the worldwide economy, giving rise to increasing uncertainties over the global economy. The central government relentlessly adapted the new normal of economic development, facilitated the supply-side structural reforms and adopted expansionary fiscal policy in such perplexing economic landscape outside China, thereby maintaining a steady growth under the "L-shaped" trend of the PRC economy. In the first half of 2016, China's gross domestic product (GDP) amounted to approximately RMB34.06 trillion, representing a year-on-year growth of 6.7%.

During the reporting period, downward pressure on the economy in China continued to mount while provincial economy in Henan, where we put our strategic focus on, showed a greater regional economic competitiveness. The GDP of Henan province for the first half of 2016 realised a 8.0% growth as compared to that over the same period last year, which remained to be higher than the national economic development average. The on-going rapid growth has revealed strong domestic demand and the "late-developing advantage" from relatively lower level of urbanisation in Henan province, and further, was the outcome of geographic dynamic growth of the development of Central Plains Economic Zone, Zhengzhou Aviation Port Economic Integration Trial Zone and Zheng Luo National Self-dependent Innovation Demonstration Area. In the foreseeable future, the stability and room for development of the Henan economy will still be in an advantageous position.

In the first half of 2016, the central government launched a series of stimulative easing policy such as lowering minimum down payment requirement, reduction of tax and credit easing to effect "destocking" in a full scale, thereby presenting an optimistic situation for the national total sales GFA and GFA for newly commenced projects. It is nevertheless worthwhile to note that risk concentration existed in 1st and 2nd tier cities with increasing pressure of adjustment on the property market, whereas real estate inventory remained high in 3rd and 4th tier cities, intensifying the structural imbalance. We are of the view that the property industry remains the key sector for sustainable development of the economy in China. The current perplexing landscape is evitable in transition to the mature stage of the property industry. As the proverb says, "Still waters run deep", the well-established enterprises focusing on building up their strengths shall benefit from such landscape instead.

The performance of the Company for the first half of 2016 grew steadily in a relatively fast manner by reason of our fine judgement of and response to the present competitive landscape and industry cycle as well as the accumulated effect of our reputable brand over the past 24 years. For the first half of 2016, we had sale/pre-sale GFA of approximately 1,127,000 sq.m. with sale/pre-sale amount of approximately RMB9.42 billion, representing a year-on-year growth of 58%. At the same time, the Company ranked 26th on the Top 100 Listed Property Developers in China released by China Real Estate Association, and was one of the top 4 listed companies in terms of operating performance. The Company was the only property developer enterprise in Henan province which has made it to the list. The Company remained in "the China's Top 500 Enterprises" in 2016 by Fortune Magazine, ranking up by 73 positions as compared to our first-time position on the list 2015.

CHAIRMAN'S STATEMENT *(Continued)*

As a real estate company focusing on regional development, the crucial factors promoting the growth of the Company are its own development strategy and operational efficiency in addition to the development stage and market prospects of the cities in which the Company currently operates. Based on the coordination, research and judgment on three levels, namely provincial capital, cities and counties, and their respectively makets, the Company accelerated the expansion of the light asset model featuring, "delivery of our brands, management and capital". During 2016 and up to the date of this report, the Company has entered into contracts for 13 light-asset model projects. In accordance with the terms set out in the contracts, the GFA of the projects mentioned above was estimated to be approximately 2,580,000 sq.m. in total. Diverse exploration for development model will enhance the market share and the brand reputation of the Company effectively, and hence increase our profitability, resulting in successful achievement of our goal of transformation.

During the reporting period, easing credit environment in China brought about new financing opportunities. The Company responded quickly and seized the window to successfully issue the corporate bonds in PRC with principal amount of RMB3,000,000,000 at a coupon rate of 6%, thereby optimising our debt structure and further reducing our combined financing cost. We firmly believe that financial management in a firm and safe manner in such changing era will provide the Company greater flexibility to better respond to uncertainties.

At present, mobile internet technology and concept are acutely changing every industry. While keeping an open mind to accept new technological revolutions, we firmly hold the value of "Jianye +". The faster the era moves, the more characteristic and demanding expectations our customers will have on their living style. The core value of the Company is to respond and satisfy demands. We deeply believe that only provision of finest products and services is able to win customers loyalty and business opportunity. In the reporting period, the Company focused on its principal business and further improved its products and services.

For our product, the Company's residential property commercialisation base formally started its production with the smooth commencement of production of the first batch of demonstrative sample building, which will be the leading model in Henan real estate industry. In addition, the Company has further improved its construction, management and control system for the full renovation product design for residential properties, and explored the development model of diverse housing products suitable for the Company, with an aim to satisfy various types of demands of our customers.

For our services, the Company has established the "Jianye Junlin Club", a brand new organisation for providing customer services. As a service platform for sharing new lifestyle of our customers, the Jianye Junlin Club is not only an entity providing personal and customised services, but also an attempt and examination of a reshape of community relationship and neighbourhood relation in mobile internet era. The establishment of Junlin Club represents another iteration and upgrade of our way of service, an optimization of our service regime, and quality service will remain one of our core competitive strengths.

The competition in property industry in the second half will become fiercer. With our spirit of striving for excellence and our belief and practice of the essence of success that "the right person at the right time in the right place", we have confidence and competence to continuously surpass ourselves. Our present operation will follow the standards for sustainable growth and our future will lie in steady and effective operation. We achieve sustainable development by upholding strategic vision with sense of crisis and self-awareness. Only with a genuine uphold of the theme of our products and customers perspective our talents can generate cohesiveness, enhance competitiveness and create impact. Also, because of the above, our talents can 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 staff for their diligent work and contributions. In this era of change, the trust and recognition of investors remain the driving force for us to go forward. We will continue to maximise shareholders' value by acting as the facilitator of urbanisation and social progress in cities in Central China, and enhancing our contributions to the healthy and sustainable development of China's real estate industry.

Wu Po Sum
Chairman

19 August 2016

FINANCIAL HIGHLIGHTS

SUMMARY OF INCOME STATEMENT

For the period ended 30 June

	2016	2015	Changes
Revenue (RMB'000)	**2,549,351**	3,894,151	–34.5%
Gross profit (RMB'000)	**967,931**	1,085,110	–10.8%
Gross profit margin	**38.0%**	27.9%	+10.1*
Gross profit from core businesses (RMB'000)	**880,458**	1,018,038	–13.5%
Net profit (RMB'000)	**252,699**	321,232	–21.3%
Net profit margin	**9.9%**	8.2%	+1.7*
Net profit from core businesses (RMB'000)	**417,075**	437,267	–4.6%
Net profit margin from core businesses	**17.5%**	11.6%	+5.9*
Profit attributable to equity shareholders (RMB'000)	**255,437**	318,198	–19.7%
Basic earnings per share (RMB)	**10.46**	13.06	–19.9%
Diluted earnings per share (RMB)	**10.46**	13.05	–19.8%

SUMMARY OF STATEMENT OF FINANCIAL POSITION

As at 30 June

	2016	2015	Changes
Total cash (including cash and cash equivalents and restricted bank deposits) (RMB'000)	**10,942,155**	8,734,071	+25.3%
Total assets (RMB'000)	**42,226,066**	39,758,004	+6.2%
Total liabilities (RMB'000)	**34,924,007**	32,440,485	+7.7%
Total equity (including non-controlling interests) (RMB'000)	**7,302,059**	7,317,519	-0.2%
Total borrowings (RMB'000)	**12,476,305**	10,591,363	+17.8%
Net borrowings (RMB'000)	**3,088,801**	3,133,330	–1.4%
Current ratio	**128.6%**	121.7%	+6.9*
Net gearing ratio	**42.3%**	42.8%	–0.5*
Net asset value per share (RMB)	**3.00**	3.00	–
Equity attributable to equity shareholders (RMB)	**2.78**	2.78	–

Notes: * change in percentage points

I. FINANCIAL REVIEW

Overall Performance

The Group is pleased to announce a significant growth in contracted sales amounted to RMB9,415 million for the six months ended 30 June 2016, representing a year-on-year increase of 58.0%. This was achieved through our great effort in expediting sales and inventory clearance. The growth in contracted sales contributed a significant operational cash inflow, which supports the Group to keep the net gearing ratio low.

Nevertheless, less revenue was recognised for the period as fewer projects were scheduled to complete in that period. With the introduction of the strategy of accelerated inventory clearance in the first half of 2015, the gross profit margin for the six months ended 30 June 2016 has recovered. Due to such improvement, the net profit from core business maintained at the similar level for the period, as compared with the same period of 2015.

As at 30 June 2016, the Group has engaged in fifteen light-asset model projects and begun recognising the management fee income in the period. These light-asset model projects will continue to contribute steady income to the Group.

Revenue: Our revenue decreased by 34.5% to approximately RMB2,549 million for the six months ended 30 June 2016 from approximately RMB3,894 million for the same period of 2015, primarily due to a decrease in number of completed projects during the period.

- **Income from sales of properties:** Revenue from property sales decreased by 36.5% to approximately RMB2,390 million for the six months ended 30 June 2016 from approximately RMB3,765 million for the same period of 2015, due to our persistence to implement destocking strategy resulting in a decrease in sold area to 467,124 sq.m. in for the six months ended 30 June 2016 from 694,818 sq.m. for the same period of 2015 and a decrease in average selling price to RMB5,116 per sq.m. for the six months ended 30 June 2016 from 5,419 per sq.m. for the same period of 2015.

- **Rental income:** Income from property leasing was approximately RMB49 million for the six months ended 30 June 2016, which was mainly derived from rental income of commercial buildings and shopping malls.

- **Revenue from hotel operation:** Revenue from hotel operation increased by 42.6% to approximately RMB111 million for the six months ended 30 June 2016 from approximately RMB78 million for the same period of 2015. The increase was due to the commencement of Pullman Kaifeng Jianye since the second half of 2015 and the continuous improvement in hotel operation in each hotel.

Cost of sales: Our cost of sales decreased by 43.7% to approximately RMB1,581 million for the six months ended 30 June 2016 from approximately RMB2,809 million for the same period of 2015. The decrease in cost of sales was due to the decrease in GFA sold in property sales as mentioned above and the corresponding decrease 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 10.8% to approximately RMB968 million for the six months ended 30 June 2016 from approximately RMB1,085 million for the same period of 2015, while our gross profit margin increased from 27.9% for the six months ended 30 June 2015 to 38.0% for the same period of 2016.

Other revenue: Our other revenue increased by 11.6% to approximately RMB119 million for the six months ended 30 June 2016 from approximately RMB106 million for the same period of 2015. Such increase was mainly because as at 30 June 2016, the Group has engaged in fifteen light-asset model projects with planned GFA of approximately 3,120,000 sq.m. and estimated basic management fee of approximately RMB659 million in total. Management fee income of RMB25 million for the period was recognised from these light-asset model projects and contributed to the increase in other revenue for the period.

Other net loss: Other net loss of approximately RMB83 million for the six months ended 30 June 2016 was primarily attributable to the net exchange loss and the loss on deemed disposals of subsidiaries.

Selling and marketing expenses: Our selling and marketing expenses decreased by 43.3% to approximately RMB142 million for the six months ended 30 June 2016 from approximately RMB250 million for the same period of 2015. The decrease was primarily due to the enhanced cost control measures toward advertising and promotional expenses.

General and administrative expenses: Our general and administrative expenses increased by 17.1% to approximately RMB357 million for the six months ended 30 June 2016 from approximately RMB305 million for the same period of 2015. This increase was primarily due to an increase in depreciation of hotels due to the commencement of Pullman Kaifeng Jianye since the second half of 2015.

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures increased by 415.7% to approximately RMB66 million for the six months ended 30 June 2016 from approximately RMB13 million for the same period of 2015, primarily due to an increase in the recognition of revenue of the joint ventures. The revenue of the Group's joint ventures amounted to approximately RMB1,091 million (same period of 2015: RMB220 million), representing sales area of 77,065 sq.m. (same period of 2015: 39,890 sq.m.) for the six months ended 30 June 2016, in which revenue of RMB613 million (same period of 2015: RMB113 million), representing sales area of 42,702 sq.m. (same period of 2015: 20,438 sq.m.), was attributable to the Group.

Finance costs: Our finance costs decreased by 30.5% to approximately RMB123 million for the six months ended 30 June 2016 from approximately RMB177 million for the same period of 2015.

Income tax: Income tax comprises corporate income tax and land appreciation tax. Our income tax decreased by 1.3% to RMB212 million for the period ended 30 June 2016 from RMB215 million for the same period of 2015. Effective tax rate increased to 45.6% for the six months ended 30 June 2016 from 40.0% for the same period of 2015, which was mainly due to an increase in profit margin for the period.

Profit for the period: As a result of the foregoing, our profit for the six months ended 30 June 2016 decreased by 21.3% to approximately RMB253 million from approximately RMB321 million for the same period of 2015.

Financial resources and utilisation: As at 30 June 2016, the Group's cash and cash equivalents amounted to approximately RMB9,362 million (31 December 2015: approximately RMB7,422 million). During the reporting period, the Group distributed a final dividend of approximately RMB240 million to the shareholders of the Company in relation to full-year profit attributable to the year ended 31 December 2015. No interim dividend was proposed for the period.

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 period, we successfully issued the corporate bonds in PRC with principal amount of RMB3,000,000,000 at a coupon rate of 6.0% due 2021 (the "RMB3,000 million Corporate Bonds"). As at 30 June 2016, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Bank loans		
Within one year	878,123	1,045,045
More than one year, but not exceeding two years	324,278	234,258
More than two years, but not exceeding five years	555,685	404,985
Exceeding five years	470,995	497,490
	2,229,081	2,181,778
Other loans		
Within one year	224,000	725,000
More than one year, but not exceeding two years	90,000	90,000
More than two years, but not exceeding five years	277,700	277,700
Exceeding five years	30,000	30,000
	621,700	1,122,700
Corporate bonds		
More than two years, but not exceeding five years	2,973,030	–
Senior notes		
Within one year	937,157	771,354
More than one year, but not exceeding two years	2,543,540	886,916
More than two years, but not exceeding five years	3,171,797	3,756,619
Exceeding five years	–	1,871,996
	6,652,494	7,286,885
Total borrowings	12,476,305	10,591,363
Deduct:		
Cash and cash equivalents	(9,362,203)	(7,422,350)
Restricted bank deposits secured bank loans and other loans	(25,301)	(35,683)
Net borrowings	3,088,801	3,133,330
Total equity	7,302,059	7,317,519
Net gearing ratio (%)	42.3%	42.8%

Pledge of assets: As at 30 June 2016, we had pledged properties for sales, property, plant and equipment and bank deposits with an aggregate carrying amount of approximately RMB3,641 million (31 December 2015: approximately RMB3,615 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties for sales, investment properties and plant and equipment with aggregate carrying amount of approximately RMB696 million (31 December 2015: approximately RMB1,299 million) to secure bank loans and other loans of joint ventures.

Contingent liabilities: As at 30 June 2016, we provided guarantees of approximately RMB15,245 million (31 December 2015: approximately RMB14,812 million) to banks in favor 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 RMB5,644 million as at 30 June 2016 (31 December 2015: approximately RMB3,901 million). Apart from the above, the Group provided liquidity support in favour of Jianye Property Management for an amount of RMB650,000,000 as at 30 June 2016 in relation to Assets-backed Securities issued by Jianye Property Management.

Capital commitment: As at 30 June 2016, 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 RMB5,570 million (31 December 2015: approximately RMB5,150 million), and we had authorised, but not yet contracted for, a further approximately RMB12,047 million (31 December 2015: approximately RMB15,131 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 2016, our major non-RMB assets and liabilities are (i) bank deposits denominated in U.S. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD.

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

II. REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

In the first half of 2016, under the perplexing economic landscape within and outside the PRC, the central government actively adapted to the new norm of economic development and enhanced the facilitation of the supply-side structural reforms. The central government adopted an expansionary fiscal policy with structural adjustment, leading to a steady economic growth under the "L-shaped" trend of the Chinese economy. In the first half of 2016, China's gross domestic product ("GDP") amounted to approximately RMB34.06 trillion, representing a year-on-year growth of 6.7%.

Since the beginning of 2016, Henan province has actively adapted to and guided the new economic development norm by focusing on the implementation of three major national strategic plans of Henan province, accelerating structural reforms, strengthening the upgrade of traditional industries while fostering emerging industries, facilitating new urbanisation, undertaking industrial transfer and enhancing its new regional competitiveness. As a result, the economy of Henan province, in general, developed stably and trended positively with GDP of approximately RMB1.80 trillion recorded in the first half of 2016, representing a year-on-year growth of 8.0%, which is 1.3 percentage point higher than the national average.

2. The Property Market

Under the directions set out in the 2016 reports of the National People's Congress and Chinese People's Political Consultative Conference requiring "improvement on tax and credit policies to support reasonable housing consumption, adaptation to strong housing demand and needs of improving living condition, localised policies of property destocking, and facilitation of steady development of property market". Under such guidance, the policies of the property market in China remained lenient in the first half of 2016. Through lowering the minimum down payment requirement and transaction taxes and fees, and easing credit policies implemented by the central government, as well as implementation of the new "destocking" policy and innovative stimulation policies implemented by local governments, the property market has shown signs of heating up.

In the first half of 2016, sales GFA of commodity housing in the nationwide property market amounted to 643,020,000 sq.m., representing a year-on-year growth of 27.9%, the sales amount of which was RMB4,868.2 billion, representing a year-on-year growth of 42.1%; and investment in property development was RMB4,663.1 billion, representing a year-on-year growth of 6.1%.

Demand for housing in Henan province has been released by strong promotion of new urbanisation under the backdrop of easing credit policy and new destocking policy adopted by prefecture-level cities, thereby promoting an accelerated development of the property market. In the first half of 2016, the sales GFA of commodity housing sold in Henan province was 37,140,000 sq.m., representing a year-on-year growth of 25.9%, sales amount of commodity housing was RMB177.5 billion, representing a year-on-year growth of 28.7%; investment in property development was RMB241.3 billion, representing a year-on-year growth of 18.3%.

(II) Project Development

Against the background of gradual recovery of property market and market fragmentation, the Company secured a sustainable growth in sales performance in the first half of 2016 by adopting effective development strategies and proactive sale strategies. During the reporting period, GFA measured approximately 1,176,000 sq.m. for newly commenced projects and 359,000 sq.m. for completed projects. The Company recorded contracted sales GFA of 1,127,000 sq.m. with a contracted sales amount of RMB9.42 billion.

1. Property Development

(a) Sales Performance

During the reporting period, the Company enhanced its province-wide sales effort as well as accelerated its inventory clearance. The contracted sales GFA was 1,126,971 sq.m.. The contracted sales amounted to approximately RMB9.42 billion, representing an increase of 58% as compared to that in the corresponding period of last year.

Geographical breakdown of contracted sales for the first half of 2016

Region	Contracted sales amount (RMB'000)	Contracted GFA sold (sq.m.)
Zhengzhou	6,157,793	433,884
Other cities in Henan province	3,257,244	693,087
Total	**9,415,037**	**1,126,971**

(b) *Newly Commenced Projects*

In the reporting period, the Company commenced construction of a total 12 projects/phases with a newly commenced GFA of 1,175,913 sq.m., representing an increase of approximately 8.3% as compared with the corresponding period of last year. The GFA for newly commenced projects in Zhengzhou was 415,942 sq.m., representing a year-on-year growth of 87.1%.

Geographical breakdown of newly commenced projects for the first half of 2016

Region	New`ly commenced GFA (sq.m.)
Zhengzhou	415,942
Other cities in Henan province	759,971
Total	**1,175,913**

(c) *Projects Under Development*

As at 30 June 2016, the Company had 54 projects/phases under development with a total GFA of 5,537,176 sq.m., including 9 projects in Zhengzhou and 45 projects in other cities of Henan province.

Geographical breakdown of projects under development as at 30 June 2016

Region	GFA under development (sq.m.)
Zhengzhou	2,429,675
Other cities in Henan province	3,107,501
Total	**5,537,176**

(d) Property Projects Completed

During the reporting period, the Company had 17 projects/phases completed in total with a total completed GFA of 359,192 sq.m..

Details of projects completed for the first half of 2016

City	Project name	Completed GFA (sq.m.)
Zhengzhou	Shangjie Forest Peninsula Phase IV	8,816
Kaifeng	Dongjingmenghua	5,305
Luoyang	Golf Garden Phase IV	11,897
Anyang	Tangyin Forest Peninsula Phase II Batch 1	20,788
Puyang	Code One City Phase III	8,521
Hebi	Sweet-Scented Osmanthus Garden Phase I	31,509
Anyang	Huaxian Code One City Phase I	29,092
Zhumadian	Suiping Forest Peninsula Phase II	27,534
Pingdingshan	Wugang Forest Peninsula Phase II	7,394
Sanmenxia	Code One City Phase IV	43,823
Shangqiu	Eighteen Cities Phase II	63,410
Shangqiu	Zhecheng U-Town	9,298
Shangqiu	Zhecheng U-Town Phase II	36,195
Xuchang	Changge Sweet-Scented Osmanthus Garden Phase II Batch 1	46,060
Nanyang	Forest Peninsula Phase V	2,484
Others		7,066
Total		**359,192**

2. Development of Light-asset Model Projects

The Company launched its light-asset development strategy in the second half of 2015 based on our judgement of the development stage of the real estate industry as well as our grasp of the strategic opportunities in the property market development. The core components of the light-asset development strategy were the delivery of our brands, our management and our capital. Such strategy would expand the market share of the Company in the region and increase the number of our customers, as a result enhancing our profitability and brand recognition.

As at 30 June 2016, the Company has entered into 15 agreements for the light-asset model projects. In accordance with the terms of the agreements, those projects are expected to have a total plot ratio-based GFA of approximately 2,360,000 sq.m. In addition, the Company has formulated normative management standards to safeguard the development of the light-asset projects, and further implemented a continuing talent development programme and quality control mechanism for our products and services.

(III) Land Reserves

During the reporting period, the Company acquired land reserves with a total GFA of approximately 730,000 sq.m. through public land auctions. As at 30 June 2016, the Company had land reserves with a total GFA of 18.96 million sq.m., including beneficially interested GFA of approximately 15.65 million sq.m.

1. Public Land Auctions

On 25 January 2016, the Group acquired the land use rights of one land parcel No. LYTD-2015-64 located at the south of Heluo Road, the west of Chuncheng Road and the north of Yanguang Road in High-Tech Industrial Development Zone, Luoyang City in a tendering for sale process held by Luoyang City Public Resources Trading Centre* (洛陽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB172 million. The land parcel No. LYTD-2015-64 has a site area of 37,416 sq.m. with a mandatory detailed planned plot ratio of 1.0-4.18.

On 27 January 2016, the Group acquired the land use rights of three land parcels located in Jinwa Village, Huiji District, Zhengzhou City in a tendering for sale process held at Zhengzhou City State-owned Land Resources Land Trading Hall* (鄭州市國土資源土地交易大廳) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB99 million, RMB203 million and RMB312 million respectively. Zhengzhengchu No. 125 land parcel has a site area of 15,746 sq.m. with a mandatory detailed planned plot ratio of 1.1-3.2; Zhengzhengchu No. 126 land parcel has a site area of 28,888 sq.m. with a mandatory detailed planned plot ratio of 1.1-3.5; Zhengzhengchu No. 127 land parcel has a site area of 45,330 sq.m. with a mandatory detailed planned plot ratio of 1.1-3.4.

On 2 February 2016, the Group acquired the land use rights of one land parcel No. 1-8-8 located at the north of Beihuan Road, the east of National Highway 209 in Sanmenxia City in a construction land use rights listing for sale process held by Sanmenxia City Public Resources Trading Centre* (三門峽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB139 million. The land parcel has a site area of 44,223 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 2 March 2016, the Group acquired the land use rights of one land parcel No. 00-02-323 located at the Northwest corner of the junction between West Hebin Road and Shuangtian Road in Wulongpian District, Lingbao City in a construction land use rights listing for sale process held by Sanmenxia Lingbao City Real Estate Trading Center* (三門峽靈寶市地產交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB21 million. The land parcel has a site area of 15,424 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

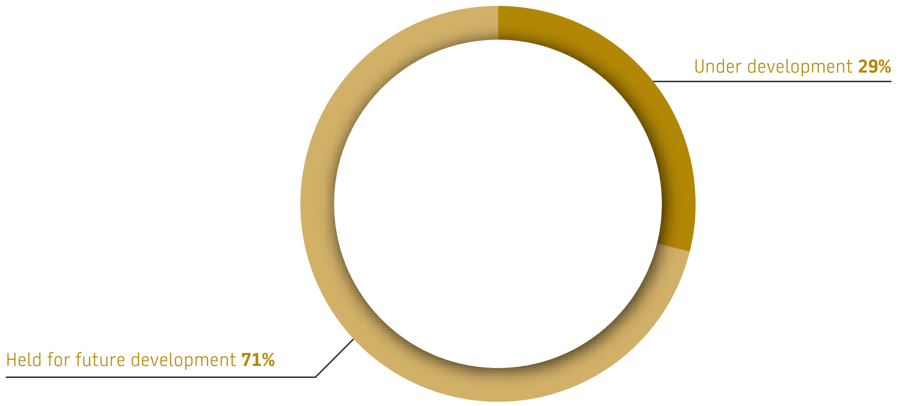
On 18 May 2016, the Group acquired the land use rights of two land parcels No. ays-2016-13 and ays-2016-14 located at the Southwest of the junction between Pingyuan Road and Santai Street in Anyang City in a listing for sale process held by Anyang City Public Resources Trading Centre* (安陽市公共資源交易中心) for transfer of land use rights. The purchase prices for the acquisitions were RMB55 million and RMB56 million respectively. The land parcel No. ays-2016-13 has a site area of 38,871 sq.m., the land parcel No. ays-2016-14 has a site area of 37,898 sq.m. both with a mandatory detailed planned plot ratio of less than 2.5.

On 27 May 2016, the Group acquired the land use rights of one land parcel No. ZG2015-21 located at the south of Xueyuan Road and the west of Huaihai Road in Zhecheng City in a listing for sale process at Zhecheng City State-owned Land Resources Land Trading Hall* (柘城市國土資源交易大廳) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB22 million. The land parcel has a site area of 27,145 sq.m. with a mandatory detailed planned plot ratio of 1.8-2.0.

2. **Distribution of land reserves**

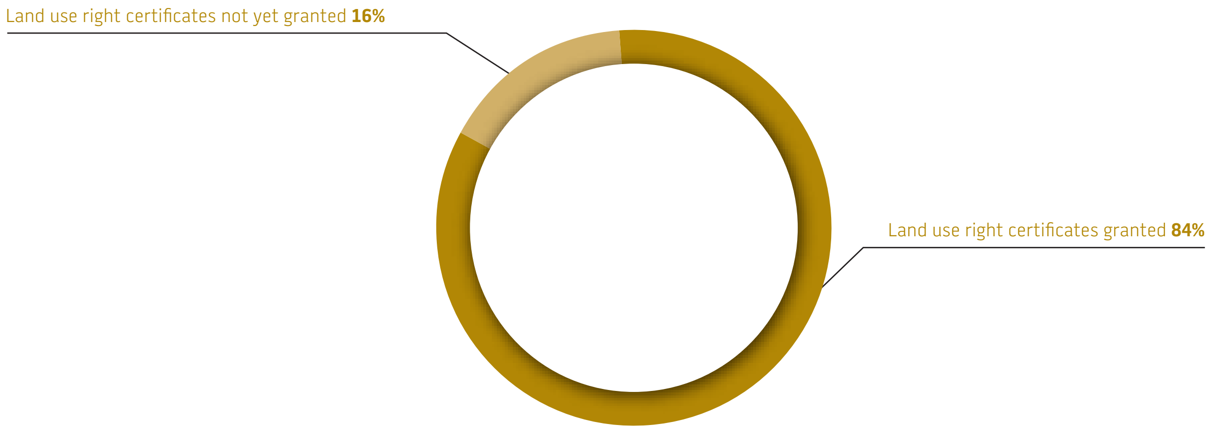
(1) **Distribution of the Company's land reserves by current development status**

Fig: percentage of GFA under development and GFA held for future development in the Company's land reserves (as at 30 June 2016)



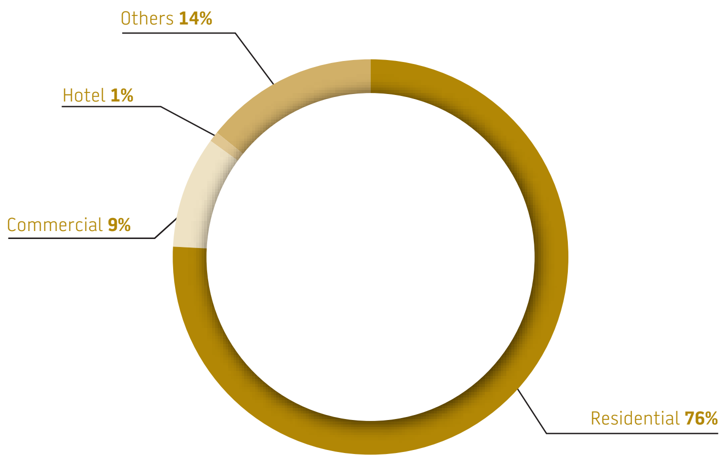
(2) **Distribution of the Company's land reserves by land use right certificates**

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 2016)



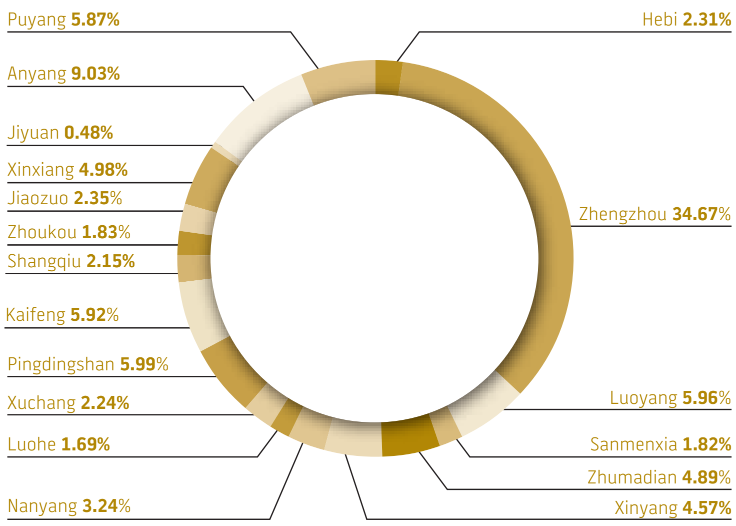
(3) Distribution of the Company's land reserves by property types

Fig: Distribution of land reserve of the Company by property types (as at 30 June 2016)



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

Fig: Distribution of the Company's land reserves by cities (as at 30 June 2016)



(IV) Product Research and Development

The Company has, as always, insisted on the principles of serialisation, standardisation and commercialisation for product development. During the reporting period, on the solid foundation for product serialisation and standardisation, the Company progressively implemented the commercialisation of its scale, while maintained the customer experience as the core of development with "green, low-carbon, energy-saving and technology" as the product development theme to guide our product research and development.

1. Product Research, Development and Innovation

During the reporting period, the Company carried out in-depth research on architectural design as well as continued to conduct product innovation and iteration on the basis of the market trend. Standardised and informatised construction was enhanced for securing the solid quality of our products. In addition, the Company strived to continuously enrich its architectural design and adopt top notch design methods on our key projects. The Company conducted its study on residential projects based on its development theme of "green, low-carbon, energy-saving and technology" so as to minimise pollution from renovation works and resource wastage. Meanwhile, intelligent technological elements have been infused into our leading product design in order to satisfy the demand of our customers for modern and convenient lifestyle.

2. Serialisation, Standardisation and Commercialisation of Our Products

During the reporting period, the Company continued to carry out in-depth research on product serialisation and standardization. While focusing customers as the core and leveraging on internet means, we introduced our customers to the preliminary period of the design process and paid attention towards the change of their needs at different periods so as to develop the relevant serialised and standardised products and thereby securing the liveliness and vigorousness of our products from their core.

In relation to commercialisation of residential properties, the Company has adopted the mature serialised and standardised product and exploration of long term commercialisation technology as the foundation, and established the production base for precast concrete jointly with major domestic construction operation companies to apply commercialisation technologies for project design and construction on two available-for-sale products of the Company, thereby making a gradual movement of our products towards the scale commercialisation era.

(V) Customer Service and Customer Relations

During the reporting period, the Company continued to transform into a "new lifestyle service provider" by providing personalised, customised and differentiated services and products, with an aim to create a new lifestyle to our customers.

The Company has established "Junlin Club" in the reporting period for nurturing a new neighbourhood relationship through our brand creditability as a bonding tool. Through sharing the Company's internal and external quality resources, it focuses on three major services areas, namely quality living, business networking and investment cooperation, providing members of Junlin Club with comprehensive new lifestyle services.

In the reporting period, the Company made further efforts on enhancement of projects delivery and product quality by promoting its fundamental services, conducting proper risk management and stringently implementing joint acceptance checks. The Company has made effort in running the "Property Embellishment Campaign"(琢玉行動) to upgrade and regenerate the facilities, equipment and systems of old communities, thereby improving their living environment and living quality. Through the online APP, we integrated our internal and external quality resources to launch the a series of online functions, such as intelligent access system, one-button repair report and premium shopping, established a new type of neighbourhood relationship and a harmonic intelligent community, and further enhanced our customer satisfaction.

III. BUSINESS OUTLOOK

(I) Market Outlook

(1) The Macro-economic Landscape

In the second half of 2016, the PRC government is expected to continue the implementation of expansionary fiscal policy and conservative monetary policy, with an aim to achieve reasonable growth in credit and social financing through relatively flexible monetary policy and optimised credit structure. For fiscal policy to become more effective, the central government will implement, among others, tax and fee reductions, investment in infrastructure, financial revitalization and local government debt restructuring, and also focus on preemptive adjustments, fine-tuning and targeted control and adjustment. The Company anticipates that the growth in Chinese economy will remain stable in the second half of 2016.

In addition, geographic and demographic benefits of Henan province as well as its strength in transportation will further be enhanced with the advancement of new urbanization and the on-going planning and implementation of national strategies such as Central Plains Economic Zone and Zhengzhou Aviation Port Economic Integration Trial Zone, the approval of establishment of Zheng Luo National Self-dependent Innovation Demonstration Area, the acceleration of multi-directional expansion of the high speed railway network, the establishment of industrial park and on-going industrial migration. The stability of economic growth will further be enhanced together with its regional economic competitiveness. The Company expects the economic growth of Henan Province for 2016 will continue to be higher than the national economic average.

(2) The Property Market

In the second half of 2016, "destocking" will still be the priority of property developers in China and the region fragmentation will continue to persist. The Company anticipates that in the second half of 2016, the government will continue to implement the policies of being "both strict and relaxed subject to local conditions in the cities" for orderly facilitating urbanisation and guiding population to settle in mid-to-small cities by encouraging rural-urban migration. The Company expects that the property market in 2016, in general, will remain stable and the region fragmentation will shrink.

Due to Henan Province's competitive edge in terms of its geographic location, demographic resources, economic growth and urban development, strong and stable demand for housing should be brought about by the development of property market under the process of advancement of new urbanisation, and enormous potential from elevated demand for housing will bolster long-term steady development of the property market. The Company expects that the property market in Henan province will continue to enjoy stable development in the second half of 2016.

(II) Business Planning

In the second half of 2016, the Company will make greater efforts on land acquisition in key markets such as Zhengzhou and steadily promote the expansion and operation of light-asset model projects so as to further enhance our profit contribution from key regions and realise quality material growth in our scale. On the other hand, we will adopt multiple measures for further enhancing product quality and service level, strengthening our brand to lay a concrete foundation for boosting project sales and securing the achievement of our annual business targets.

1. Construction Plans#

In the second half of 2016, the Company expects to commence construction of a total of 22 projects/phases, with a GFA planned for construction of 2,100,825 sq.m.

Geographical breakdown of commencement of construction in the second half of 2016

Location	GFA planned for construction (sq.m.)	Percentage (%)
Zhengzhou	868,655	41
Other cities in Henan Province	1,232,170	59
Total	**2,100,825**	**100**

2. Completion plan#

The Company expects to complete 27 projects/phases with a completed GFA of 1,854,248 sq.m. in the second half of 2016.

City	Project or Phase	Expected completed GFA (sq.m.)
Zhengzhou	Suoxu River Garden Phase I	145,348
Zhengzhou	Jiuru House	169,154
Zhengzhou	Gongyi Code One City Phase I	119,144
Zhengzhou	Tihome Jianye International City	77,030
Zhengzhou	Spring Time	49,045
Kaifeng	Dongjingmenghua	66,885
Luoyang	Wisdom Port	50,936
Xuchang	Yanling Eco-City Phase II	52,267
Anyang	Tangyin Forest Peninsula Phase II	18,223
Anyang	Huaxian Code One City	26,985
Anyang	Sweet-Scented Osmanthus Garden Phase II	88,395
Puyang	Code One City Phase III Batch 1	68,238
Jiaozuo	Park Lane Phase I	77,748
Pingdingshan	Eighteen Cities Phase I	16,649
Pingdingshan	Eighteen Cities Phase II	21,250
Hebi	Code One City Phase I	79,031
Luohe	Xicheng Forest Peninsula Phase I	78,481
Luohe	Linying Sweet-Scented Osmanthus Garden Phase I Batch 2	27,652
Xinyang	Jianye City Phase I	36,092
Xinxiang	U-Town Phase II	26,218
Zhumadian	Eighteen Cities Phase III	101,919
Shangqiu	Eighteen Cities Phase II	57,319
Shangqiu	Eighteen Cities Phase III	26,154
Shangqiu	Yongcheng U-Town Phase I	11,454
Zhoukou	Forest Peninsula Phase V	31,796
Jiyuan	Jiyuan U-Town Phase II	80,429
Nanyang	Triumph Plaza Phase II	250,406
Total		1,854,248

Note:

Construction plans and completion plans may be adjusted subject to the approval progress by the government toward the projects and other environmental factors.

IV. ISSUANCE OF CORPORATE BONDS

On 13 April 2016, the Company issued RMB3,000 million Corporate Bonds for the purposes of refinancing indebtedness of the Company and for general corporate purposes. Further details relating to the issue of the RMB3,000 million Corporate Bonds are disclosed in the announcements of the Company dated 17 March and 8, 12 and 14 April 2016.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 2,123 employees (31 December 2015: 2,153 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 report, there was no significant labour dispute which has or may have an adverse impact on our business operations.

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

As at 30 June 2016, 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	2,400,000[2, 3]	0.10%
Mr. Chen Jianye	Beneficial owner	6,132,000[2]	0.25%

(b) Long positions in the Debentures

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

Name	Capacity and nature of interest	Amount of Debentures held	Approximate percentage of the interest in the US$200 Million Senior Notes [5]
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US$500,000	0.25%

Notes:

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

2. Such interest in the Shares is held pursuant to the share options granted under the Share Option Scheme (as defined below), the details of which are disclosed on pages 29 to 30 of this interim report.

3. 2,400,000 Shares are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's Shares for the purposes of the SFO.

4. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,270,760 Shares of the Company as at 30 June 2016 in issue.

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

Save as disclosed above or under the section headed "Share Option Schemes" below, as at 30 June 2016, 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.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 30 June 2016, share options to subscribe for 30,867,720 Shares (representing approximately 1.26% 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 2016 to 30 June 2016 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 2016	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2016
Directors								
Mr. Wu Po Sum	25 May 2010	HK$1.853	2	2,050,400	–	–	–	2,050,400
Ms. Yan Yingchun	27 March 2013	HK$2.560	4	500,000	–	–	–	500,000
Ms. Wu Wallis (alias Li Hua)	27 March 2013	HK$2.560	4	1,500,000	–	–	–	1,500,000
				4,050,400	–	–	–	4,050,400
Chief Executive Officer								
Mr. Chen Jianye	25 May 2010	HK$1.853	2	1,132,000	–	–	–	1,132,000
	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	4,615,560	–	–	–	4,615,560
	25 July 2011	HK$2.160	3	1,500,000	–	–	–	1,500,000
	27 March 2013	HK$2.560	4	16,569,760	–	–	(2,000,000)	14,569,760
				32,867,720	–	–	(2,000,000)	30,867,720

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 20 to the financial statements of this interim report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2016, 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 China Investments Limited ("CapitaLand China Investments")	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%

Notes:

1. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,270,760 Shares of the Company as at 30 June 2016 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 China Investments and CapitaLand China Investments is directly wholly owned by CapitaLand. Temasek Holdings has an interest in approximately 41.06% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand China Investments, 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 2016, 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 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 2016, 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 Governing the Listing of Securities (the "Listing Rules") 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 non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.**

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

   Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, 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 17 May 2016 (the "2016 AGM") as they were out of town for other businesses.

2. **Code provision E.1.2 — This code provision requires the chairman of the Board to attend the annual general meeting and to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meeting.**

   Mr. Wu Po Sum, being an executive Director and the chairman of the Board and the nomination committee of the Company, was unable to attend the 2016 AGM as he was out of town for other business.

   Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2016 AGM as he was out of town for other business.

   In their absence, the other members of the Board, namely Ms. Yan Yingchun and Ms. Wu Wallis (alias Li Hua), and Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2016 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2016.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGES SINCE 31 DECEMBER 2015

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 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 2016.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2016	2015
	Note	RMB'000	RMB'000
Revenue	*3*	**2,549,351**	3,894,151
Cost of sales		**(1,581,420)**	(2,809,041)
Gross profit		**967,931**	1,085,110
Other revenue	*4*	**118,616**	106,311
Other net (loss)/income	*4*	**(82,626)**	49,342
Selling and marketing expenses		**(141,612)**	(249,861)
General and administrative expenses		**(356,887)**	(304,859)
Other operating income		**17,198**	13,753
		522,620	699,796
Share of losses of associates		**(1,481)**	(822)
Share of profits less losses of joint ventures		**65,520**	12,704
Finance costs	*5(a)*	**(123,168)**	(177,333)
Profit before change in fair value of investment properties and income tax		**463,491**	534,345
Net increase in fair value of investment properties	*9*	**896**	1,407
Profit before taxation	*5*	**464,387**	535,752
Income tax	*6*	**(211,688)**	(214,520)
Profit for the period		**252,699**	321,232
Attributable to:			
Equity shareholders of the Company		**255,437**	318,198
Non-controlling interests		**(2,738)**	3,034
Profit for the period		**252,699**	321,232
Earnings per share	*7*		
— Basis (RMB cents)		**10.46**	13.06
— Diluted (RMB cents)		**10.46**	13.05

The notes on pages 41 to 66 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 20(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period	**252,699**	321,232
Other comprehensive income for the period		
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of foreign subsidiaries	**(34,185)**	(3,297)
— Cash flow hedge:		
— effective portion of changes in fair value	**(150,856)**	(29,384)
— transfer from equity to profit or loss	**149,773**	27,740
Total other comprehensive income for the period	**(35,268)**	(4,941)
Total comprehensive income for the period	**217,431**	316,291
Attributable to:		
Equity shareholders of the Company	**220,336**	313,341
Non-controlling interests	**(2,905)**	2,950
Total comprehensive income for the period	**217,431**	316,291

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

The notes on pages 41 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2016
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	**2,897,624**	2,902,180
Investment properties	9	**447,150**	442,870
Intangible asset		**138,750**	146,250
Interests in associates		**23,847**	25,328
Interests in joint ventures	10	**7,155,199**	6,532,270
Other financial assets		**110,080**	109,080
Deferred tax assets		**133,109**	128,558
		10,905,759	10,286,536
Current assets			
Trading securities		**79,596**	76,932
Properties for sale	11	**15,549,302**	15,371,656
Trade and other receivables	12	**1,641,308**	1,111,176
Deposits and prepayments	13	**2,564,536**	3,658,339
Taxation recoverable		**543,410**	519,294
Restricted bank deposits	14	**1,579,952**	1,311,721
Cash and cash equivalents		**9,362,203**	7,422,350
		31,320,307	29,471,468
Current liabilities			
Bank loans	15	**(878,123)**	(1,045,045)
Other loans	16	**(224,000)**	(725,000)
Payables and accruals	17	**(14,394,767)**	(14,750,237)
Receipts in advance		**(6,941,506)**	(5,602,346)
Senior notes	18	**(937,157)**	(771,354)
Taxation payable		**(981,766)**	(1,321,570)
		(24,357,319)	(24,215,552)
Net current assets		**6,962,988**	5,255,916
Total assets less current liabilities		**17,868,747**	15,542,452

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

at 30 June 2016
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Non-current liabilities			
Bank loans	*15*	**(1,350,958)**	(1,136,733)
Other loans	*16*	**(397,700)**	(397,700)
Patent payable		**(60,000)**	(105,000)
Senior notes	*18*	**(5,715,337)**	(6,515,531)
Corporate bonds	*19*	**(2,973,030)**	–
Deferred tax liabilities		**(69,663)**	(69,969)
		(10,566,688)	(8,224,933)
Net assets		**7,302,059**	7,317,519
Capital and reserves			
Share capital		**216,322**	216,322
Reserves		**6,562,783**	6,582,338
Total equity attributable to equity shareholders of the Company		**6,779,105**	6,798,660
Non-controlling interests		**522,954**	518,859
Total equity		**7,302,059**	7,317,519

The notes on pages 41 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve *(Note 20(b))*	Property revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
Dividend declared and paid	*20(a)(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)	–	–	–
Shares issued under share option scheme		542	13,199	–	–	–	(2,968)	–	–	–	10,773	–	10,773
Equity settled share-based payment		–	–	–	–	–	1,482	–	–	–	1,482	–	1,482
Acquisitions of additional interests in subsidiaries		–	–	–	(108,189)	–	–	–	–	–	(108,189)	(70,089)	(178,278)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	(9,983)	(9,983)
Capital reduction from non-controlling interests		–	–	–	–	–	–	–	–	–	–	(22,400)	(22,400)
Balance at 30 June 2015 and 1 July 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
Changes in equity for the six months ended 31 December 2015:													
Profit/(loss) for the period		–	–	–	–	–	–	–	–	483,092	483,092	(289)	482,803
Other comprehensive income		–	–	–	–	(73,242)	–	–	(9,474)	–	(82,716)	(292)	(83,008)
Total comprehensive income		–	–	–	–	(73,242)	–	–	(9,474)	483,092	400,376	(581)	399,795
Dividend paid to non- controlling interests		–	–	–	–	–	–	–	–	–	–	(22,332)	(22,332)
Appropriation to statutory reserve fund		–	–	213,512	–	–	–	–	–	(213,512)	–	–	–
Shares issued under share option scheme		10	224	–	–	–	(48)	–	–	–	186	–	186
Equity settled share-based payment		–	–	–	–	–	534	–	–	279	813	–	813
Acquisition of additional interest in a subsidiary		–	–	–	4,132	–	–	–	–	–	4,132	(14,132)	(10,000)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	36,000	36,000
Balance at 31 December 2015		216,322	1,666,254	1,766,679	478,232	45,268	19,067	6,479	(54,585)	2,654,944	6,798,660	518,859	7,317,519

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserve fund RMB'000	Other capital reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve *(Note 20(b))* RMB'000	Property revaluation reserve RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016		216,322	1,666,254	1,766,679	478,232	45,268	19,067	6,479	(54,585)	2,654,944	6,798,660	518,859	7,317,519
Changes in equity for the six months ended 30 June 2016:													
Profit/(loss) for the period		–	–	–	–	–	–	–	–	255,437	255,437	(2,738)	252,699
Other comprehensive income		–	–	–	–	(34,018)	–	–	(1,083)	–	(35,101)	(167)	(35,268)
Total comprehensive income		–	–	–	–	(34,018)	–	–	(1,083)	255,437	220,336	(2,905)	217,431
Dividends declared and paid	*20(a)(ii)*	–	–	–	–	–	–	–	–	(240,295)	(240,295)	–	(240,295)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Appropriation to statutory reserve fund		–	–	17,970	–	–	–	–	–	(17,970)	–	–	–
Equity settled share-based payment		–	–	–	–	–	(773)	–	–	1,177	404	–	404
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	9,000	9,000
Balance at 30 June 2016		216,322	1,666,254	1,784,649	478,232	11,250	18,294	6,479	(55,668)	2,653,293	6,779,105	522,954	7,302,059

The notes on pages 41 to 66 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Operating activities		
Cash generated from/(used in) operations	**2,397,278**	(120,545)
Income tax paid	**(571,092)**	(605,605)
Net cash generated from/(used in) operating activities	**1,826,186**	(726,150)
Investing activities		
Payment for purchase of property, plant and equipment	**(103,796)**	(132,650)
Payment for purchase of intangible asset	**(35,000)**	–
Acquisition of additional interests in subsidiaries	**–**	(178,278)
Acquisition of a subsidiary	**(140,908)**	–
Net cash outflow upon deemed disposals of subsidiaries	**(787,074)**	(10,104)
Net cash inflow upon disposals of subsidiaries	**–**	150,123
Advances to joint ventures	**(449,363)**	(837,304)
Repayment from joint ventures	**454,952**	165,238
Other cash flows arising from investing activities	**107,126**	128,593
Net cash used in investing activities	**(954,063)**	(714,382)
Financing activities		
Net proceeds from issuance of senior notes	**–**	1,845,183
Net proceeds from issuance of corporate bonds	**2,972,090**	–
Redemption of senior notes	**(792,968)**	–
Proceeds from bank loans and other loans	**783,001**	3,680,000
Repayment of bank loans and other loans	**(1,236,698)**	(2,519,906)
Other cash flows arising from financing activities	**(674,201)**	(646,799)
Net cash generated from financing activities	**1,051,224**	2,358,478
Net increase in cash and cash equivalents	**1,923,347**	917,946
Cash and cash equivalents at 1 January	**7,422,350**	5,018,511
Effect of changes in foreign exchange rate	**16,506**	(9,941)
Cash and cash equivalents at 30 June	**9,362,203**	5,926,516

The notes on pages 41 to 66 form part of this interim financial report.

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, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 19 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements.

The HKICPA has issued a number of 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 (collectively, the "Group"). None of these developments have had a material effect on how the Group's performance 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 2015 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 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2016.

2 SEGMENT REPORTING

(a) Products and 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 principal activities

The Group's revenue from its principal activities 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 operations. Revenue of the Group for the period is analysed as follows:

	Six months ended 30 June	
	2016 **RMB'000**	2015 RMB'000
Income from sales of properties	**2,389,762**	3,765,474
Rental income	**49,004**	51,111
Revenue from hotel operations	**110,585**	77,566
	2,549,351	3,894,151

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Other revenue		
Interest income	**91,431**	104,994
Management fee income	**25,029**	–
Dividend income from equity securities	**1,406**	567
Government grants	**750**	750
	118,616	106,311
Other net (loss)/income		
Net exchange loss	**(49,187)**	(16,752)
Unrealised and realised gain on trading securities	**1,508**	43,336
Gain on disposals of subsidiaries	**–**	14,288
Loss on deemed disposals of subsidiaries	**(18,611)**	(812)
Gain on disposal of an associate	**–**	1,567
Net gain/(loss) on disposal of property, plant and equipment *(note 8)*	**80**	(32)
Write down of properties for sale	**(19,753)**	–
Others	**3,337**	7,747
	(82,626)	49,342

5 PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
(a)	**Finance costs**		
	Interest on bank loans	**64,514**	119,715
	Interest on other loans	**55,615**	63,792
	Interest on senior notes	**278,709**	251,602
	Interest on corporate bonds	**40,392**	–
	Other ancillary borrowing costs	**–**	2,769
		439,230	437,878
	Less: Borrowing costs capitalised	**(308,702)**	(258,804)
		130,528	179,074
	Net change in fair value of derivatives embedded to senior notes	**(7,360)**	(1,741)
		123,168	177,333
(b)	**Other items**		
	Depreciation and amortisation	**115,215**	84,378
	Cost of properties sold	**1,509,304**	2,792,853

6 INCOME TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	**135,650**	207,681
PRC Land Appreciation Tax		
— Provision for the period	**104,204**	142,386
— Over-provision in prior years	**(23,309)**	(143,604)
	216,545	206,463
Deferred tax		
Revaluation of properties	**59**	186
PRC Land Appreciation Tax	**(4,385)**	(20,129)
Others — fair value adjustment upon acquisition of a subsidiary	**(531)**	28,000
	(4,857)	8,057
	211,688	214,520

(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% (six months ended 30 June 2015: 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 2015: 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 2015: 25%) on the estimated assessable profits for the period.

6 INCOME TAX (Continued)

(d) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. For the six months ended 30 June 2015, certain PRC subsidiaries were subject to LAT which is calculated based on 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 ordinary equity shareholders of the Company of RMB255,437,000 (six months ended 30 June 2015: RMB318,198,000) and the weighted average of 2,442,271,000 ordinary shares (six months ended 30 June 2015: 2,436,943,000 shares) in issue during the interim period.

	Six months ended 30 June	
	2016	2015
	'000	'000
Issued ordinary shares at 1 January	**2,442,271**	2,435,345
Effect of exercised share options	**–**	1,598
Weighted average number of ordinary shares at 30 June	**2,442,271**	2,436,943

7 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The Company's share options as at 30 June 2016 do not give rise to any dilution effect to the earnings per share and there are no other potential dilutive ordinary shares in existence during the six months ended 30 June 2016, and hence diluted earnings per share is the same as the basic earnings per share.

For the six months ended 30 June 2015, the calculation of diluted earnings per share was based on the profit attributable to ordinary equity shareholders of the Company of RMB318,198,000 and the weighted average number of ordinary shares of 2,437,737,000, calculated as follows:

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

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

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

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

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB103,796,000 (six months ended 30 June 2015: RMB132,650,000). Items of property, plant and equipment with a net book value of RMB637,000 (six months ended 30 June 2015: RMB6,814,000) were disposed of during the six months ended 30 June 2016, resulting in a net gain on disposal of RMB80,000 (six months ended 30 June 2015: net loss of RMB32,000).

9 INVESTMENT PROPERTIES

The valuations of investment properties were updated at 30 June 2016 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2015 valuations. As a result of the update, a net gain of RMB896,000 (six months ended 30 June 2015: RMB1,407,000), and deferred tax thereon of RMB224,000 (six months ended 30 June 2015: RMB352,000), has been recognised in profit or loss for the six months ended 30 June 2016.

During the six months ended 30 June 2016, properties held for sale of RMB3,384,000 (six months ended 30 June 2015: 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 loss of RMB784,000 (six months ended 30 June 2015: surplus of RMB3,365,000) had been dealt with in profit or loss.

10 INTERESTS IN JOINT VENTURES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Share of net assets	**4,207,949**	3,579,431
Amounts due from joint ventures	**2,947,250**	2,952,839
	7,155,199	6,532,270

Amounts due from joint ventures except for amounts of RMB93,000,000 and RMB598,000,000 (31 December 2015: RMB165,000,000) which are interest bearing at 8.9% and 13.65% per annum respectively (31 December 2015: 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 2016, the Group's 10% equity interest in a joint venture with carrying amount of RMB38,669,000 (31 December 2015: RMB37,742,000) was pledged as security of the Group's other loan of RMB7,700,000 (31 December 2015: RMB7,700,000) (note 16) and that joint venture's other loan of RMB492,300,000 (31 December 2015: RMB492,300,000).

11 PROPERTIES FOR SALE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties held for future development and under development for sale	**11,304,861**	10,421,304
Completed properties held for sale	**4,244,441**	4,950,352
	15,549,302	15,371,656

During six months ended 30 June 2016, RMB19,753,000 (six months ended 30 June 2015: RMBNil) has been recognised as a reduction in the amount of properties for sale recognised as an expense in profit or loss during the period in order to state these properties at the lower of their cost and estimate net realisable value.

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bills receivables *(note (a))*	**10,955**	2,700
Trade receivables *(note (a))*	**48,539**	44,672
Other receivables *(note (b))*	**885,196**	438,049
Amounts due from related companies *(note (c))*	**425,016**	364,376
Amounts due from non-controlling interests *(note (d))*	**239,389**	236,789
Gross amount due from customers for contract work	**14,085**	14,085
Derivative financial instruments *(notes 18(b), 18(c), 18(e) and 21(a))*	**18,128**	10,505
	1,641,308	1,111,176

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 2016 RMB'000	At 31 December 2015 RMB'000
Current	**40,965**	36,313
1 to less than 3 months overdue	**8,382**	141
3 to less than 6 months overdue	**3,525**	3,331
6 months to less than 1 year overdue	**674**	686
More than 1 year overdue	**5,948**	6,901
	59,494	47,372

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) Other receivables included an amount of RMB404,993,000 (31 December 2015: RMBNil) which is unsecured, interest-free and recoverable within one year.

The remaining other receivables are unsecured, interest-free and have no fixed terms of repayment.

12 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) The amounts due from related companies included an amount of RMB39,015,000 (31 December 2015: 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 amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB288,626,000 (31 December 2015: RMB226,051,000) 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 2015: 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.

(d) The amounts due from non-controlling interests included (i) amounts of RMB20,000,000 (31 December 2015: RMB20,000,000) and RMB15,300,000 (31 December 2015: 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 2015: 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.

13 DEPOSITS AND PREPAYMENTS

At 30 June 2016, the balance included deposits and prepayments for leasehold land of RMB1,578,632,000 (31 December 2015: RMB2,721,687,000).

14 RESTRICTED BANK DEPOSITS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**796,319**	645,947
— bills payable	**758,332**	630,091
— bank loans *(note 15)*	**25,301**	15,678
— other loans *(note 16)*	**–**	20,005
	1,579,952	1,311,721

15 BANK LOANS

(a) At 30 June 2016, bank loans were repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year or on demand	**878,123**	1,045,045
After 1 year but within 2 years	**324,278**	234,258
After 2 years but within 5 years	**555,685**	404,985
After 5 years	**470,995**	497,490
	1,350,958	1,136,733
	2,229,081	2,181,778

(b) At 30 June 2016, bank loans were secured as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
— secured	**1,599,081**	1,311,778
— unsecured	**630,000**	870,000
	2,229,081	2,181,778

15 BANK LOANS (Continued)

(b) At 30 June 2016, bank loans were secured as follows: (continued)

At 30 June 2016, assets of the Group against which bank loans are secured are analysed as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties for sale	**2,704,585**	2,653,888
Property, plant and equipment	**865,808**	882,079
Restricted bank deposits *(note 14)*	**25,301**	15,678
	3,595,694	3,551,645

(c) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2016 and 31 December 2015, none of the covenants relating to drawn down facilities had been breached.

16 OTHER LOANS

(a) At 30 June 2016, other loans were repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year or on demand	**224,000**	725,000
After 1 year but within 2 years	**90,000**	90,000
After 2 years but within 5 years	**277,700**	277,700
After 5 years	**30,000**	30,000
	397,700	397,700
	621,700	1,122,700

As at 30 June 2016, the Group's other loan of RMB7,700,000 (31 December 2015: RMB7,700,000) is secured by the Group's 10% equity interests in a joint venture with a carrying amount of RMB38,669,000 (31 December 2015: RMB37,742,000).

16 OTHER LOANS (Continued)

(b) At 30 June 2016, other loans were secured as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Other loans		
— secured	**591,700**	592,700
— unsecured	**30,000**	530,000
	621,700	1,122,700

At 30 June 2016, assets of the Group against which other loans are secured as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties for sale	**45,531**	43,673
Restricted bank deposits *(note 14)*	**–**	20,005
	45,531	63,678

17 PAYABLES AND ACCRUALS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bills payable *(note (a))*	**1,144,372**	740,686
Trade payables *(note (a))*	**3,973,497**	5,031,416
Other payables and accruals	**2,331,937**	2,777,265
Patent payable	**45,000**	35,000
Amounts due to joint ventures *(note (b))*	**6,353,610**	5,336,229
Amounts due to non-controlling interests *(note (c))*	**439,196**	571,630
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 21(a))*	**85,774**	236,630
	14,394,767	14,750,237

At 30 June 2016, included in payables and accruals are retention payable of RMB47,357,000 (31 December 2015: RMB61,493,000), which are expected to be settled after more than one year.

Notes:

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Due within 1 month or on demand	**2,116,154**	2,754,128
Due after 1 month but within 3 months	**557,765**	985,469
Due after 3 months but within 6 months	**858,570**	578,561
Due after 6 months but within 1 year	**774,350**	588,618
Due after 1 year	**811,030**	865,326
	5,117,869	5,772,102

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

(c) The amounts due to non-controlling interests included an amount of RMB92,000,000 (31 December 2015: RMB100,000,000) which is unsecured, interest bearing at 9.41% (31 December 2015: 9.41%) per annum and has 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 2016 RMB'000	At 31 December 2015 RMB'000
SGD175m Senior Notes *(note (a))*	**–**	771,354
US$200m Senior Notes *(note (b))*	**1,271,335**	1,252,269
US$400m Senior Notes *(note (c))*	**2,543,540**	2,504,350
SGD200m Senior Notes *(note (d))*	**937,157**	886,916
US$300m Senior Notes *(note (e))*	**1,900,462**	1,871,996
	6,652,494	7,286,885
Less: amount due for maturity within 12 months (classified as current liabilities)	**(937,157)**	(771,354)
Amount due from maturity after 12 months (classified as non-current liabilities)	**5,715,337**	6,515,531

(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 was 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. On 18 April 2016, the foreign exchange rate swap contract was terminated.

On 18 April 2016, the Company redeemed all outstanding SGD175m Senior Notes upon maturity with principal amount of SGD175,000,000 at the pre-determined redemption price.

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 2016, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB85,774,000 (31 December 2015: RMB141,118,000) (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.

(f) The senior notes are secured by the corporate guarantees given by certain subsidiaries of the Company.

19 CORPORATE BONDS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Unsecured corporate bonds	**2,973,030**	–

On 15 March 2016, China Securities Regulatory Commission approved the application of Central China Real Estate Group (China) Company Limited ("CCRE China"), a company established in the PRC and a wholly-owned subsidiary of the Company, for a proposed issue of corporate bonds of up to RMB3,000,000,000 (the "Corporate Bonds").

On 13 April 2016, CCRE China issued Corporate Bonds with principal amount of RMB3,000,000,000 due in 2021 listed on the Shanghai Stock Exchange. The coupon rate of the Corporate Bonds was fixed at 6% per annum which is payable annually in arrears. The maturity date of the Corporate Bonds is 12 April 2021.

At the end of third year, CCRE China may at its option adjust the coupon rate of the Corporate Bonds and the holders of the Corporate Bonds may at their options redeem the Corporate Bonds, in whole or in part, at a pre-determined price.

The details of Corporate Bonds are disclosed in the relevant offering memorandum.

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) No interim dividend proposed after the interim period.

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK11.61 cents (equivalent to RMB9.84 cents) (six months ended 30 June 2015: HK13.6 cents (equivalent to RMB10.88 cents)) per ordinary share	**240,295**	267,416

20 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Equity Settled Share-Based Transaction

(i) 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.

(ii) 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.

(iii) Share options granted on 27 March 2013

On 27 March 2013, the Company conditionally granted certain share options to the Company's director and employees. The exercise of these share options would entitle the Company's director and employees of the Group to subscribe for an aggregate of 24,000,000 shares of the Company. The exercise price is HK$2.56 per share. The share option scheme was effective from 27 March 2013. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(Expressed in Renminbi unless otherwise indicated)

20 CAPITAL, RESERVES AND DIVIDENDS (Continued)

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

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

	2016		2015	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
Outstanding at 1 January	**2.34**	**32,867,720**	2.28	40,393,880
Exercised during the period	**–**	**–**	1.99	(6,873,160)
Lapsed during the period	**2.56**	**(2,000,000)**	–	–
Outstanding at 30 June	**2.33**	**30,867,720**	2.34	33,520,720
Exercisable at 30 June	**2.33**	**30,867,720**	2.27	25,360,720

The options outstanding at 30 June 2016 had a weighted average exercise price of HK$2.33 (30 June 2015: HK$2.34) and a weighted average remaining contractual life of 5.78 years (2015: 6.6 years).

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

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

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

	Fair value at 30 June 2016 RMB'000	Fair value measurements as at 30 June 2016 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	**79,596**	**79,596**	**–**	**–**
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	**13,532**	**–**	**13,532**	**–**
— Redemption call option of US$400m Senior Notes	**1,149**	**–**	**1,149**	**–**
— Redemption call option of US$300m Senior Notes	**3,447**	**–**	**3,447**	**–**
Liability:				
Derivative financial instrument:				
— Foreign exchange swap contract	**85,774**	**–**	**85,774**	**–**

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2015 RMB'000	Fair value measurements as at 31 December 2015 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	76,932	76,932	–	–
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	3,208	–	3,208	–
— Redemption call option of US$400m Senior Notes	2,265	–	2,265	–
— Redemption call option of US$300m Senior Notes	5,032	–	5,032	–
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contracts	236,630	–	236,630	–

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2015: Nil). The Group's policy is to recognised transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

21 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.

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

All these financial instruments are carried at amounts not materially different from their fair values as at 30 June 2016 and 31 December 2015.

22 COMMITMENTS

Capital commitments outstanding at 30 June 2016 not provided for in the interim financial report are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties under development undertaken by the Group		
— Authorised but not contracted for	**9,030,825**	13,229,742
— Contracted but not provided for	**4,279,700**	4,693,284
	13,310,525	17,923,026

22 COMMITMENTS (Continued)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	**3,016,187**	1,901,687
— Contracted but not provided for	**1,290,361**	456,254
	4,306,548	2,357,941

23 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 dates of grants 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 2016 are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**12,647,223**	13,061,140
— the joint ventures' properties (the Group's shared portion)	**2,597,895**	1,751,341
	15,245,118	14,812,481

23 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 periods under guarantees 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 RMB5,643,875,000 as at 30 June 2016 (31 December 2015: RMB3,901,330,000). At the end of the reporting period, the directors do not consider it is probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil (31 December 2015: RMBNil).

(c) Liquidity support given to 河南建業物業管理有限公司 (for identification purpose, in English, Henan Jianye Property Management Company Limited ("Jianye Property Management")):

The Group provided liquidity support in favour of Jianye Property Management, an independent third party, for an amount of RMB650,000,000 as at 30 June 2016 in relation to Asset-backed Securities issued by Jianye Property Management. Details of the Assets-backed Securities are disclosed in the Company's announcement dated 13 April 2016.

24 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 2016 are as follows:

		Six months ended 30 June	
	Note	**2016 RMB'000**	2015 RMB'000
Interest income from joint ventures	*(a)*	**37,551**	62,777
Interest income from non-controlling interests	*(a)*	**35**	9,966
Interest expenses to non-controlling interests	*(b)*	**(4,427)**	(16,075)
Directors' and chief executive's emoluments	*(c)*	**(4,156)**	(4,341)

Notes:

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

(b) The amounts represent interest expenses in relation to loans from non-controlling interests.

(c) The directors' and chief executive's emoluments during the period are as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Directors' fees	**290**	284
Salary and other emoluments	**3,853**	4,014
Contribution to retirement benefit schemes	**5**	12
Share-based payment	**8**	31
	4,156	4,341

25 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 11 August 2016, the Group entered into an acquisition agreement with Ms. Dou Yanfang, pursuant to which the Group agreed to acquire 80% equity interest in 鄭州安永置業有限公司 (For identification purpose only, in English, Zhengzhou Anyong Properties Limited ("Zhengzhou Anyong")) at the consideration of RMB350,179,000. Upon completion of the acquisition, Zhengzhou Anyong will become a subsidiary of the Group. Details of the transaction are disclosed in the Company's announcement dated 11 August 2016.

KPMG

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 34 to 66 which comprises the consolidated statement of financial position of Central China Real Estate Limited as of 30 June 2016 and the related consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

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

19 August 2016