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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

HIGHLIGHTS

- Total turnover for the six months ended 30 June 2010 amounted to RMB1,480 million, an increase of 129.5% compared with the corresponding period in 2009.

- Gross profit margin for the period was 37.1%, as compared with 38.8% for the corresponding period in 2009.

- Profit attributable to equity shareholders amounted to RMB246 million, an increase of 145.5% compared with the corresponding period in 2009.

- Net profit margin for the period was 16.6%, an increase of 1.0 percentage point compared with 15.6% for the corresponding period in 2009.

- Basic earnings per share for the period was RMB12.31 cents, an increase of RMB7.29 cents compared with the corresponding period in 2009 (or 145.2%).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors" and each a "Director") of Central China Real Estate Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009. The results have been reviewed and approved by the Company's audit committee, comprising two independent non-executive Directors and one non-executive Director. One of the independent non-executive Directors chairs the committee.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Turnover	3	**1,480,168**	644,845
Cost of sales		**(931,091)**	(394,523)
Gross profit		**549,077**	250,322
Other revenue	4	**13,105**	27,657
Other net income	4	**3,740**	7,385
Selling and marketing expenses		**(59,627)**	(42,508)
General and administrative expenses		**(78,277)**	(66,274)
Other operating expenses		**(8,758)**	(8,213)
Profit from operations		**419,260**	168,369
Share of losses of associates		**(1,313)**	(2,237)
Finance costs	5(a)	**(50,252)**	(25,351)

	Note		
Profit before change in fair value of investment properties and income tax		**367,695**	140,781
Change in fair value of investment properties		**329**	1,416
Profit before taxation	5	**368,024**	142,197
Income tax	6	**(113,670)**	(43,720)
Profit for the period		**254,354**	98,477
Attributable to:			
Equity shareholders of the Company		**246,254**	100,308
Non-controlling interests		**8,100**	(1,831)
Profit for the period		**254,354**	98,477
Basic earnings per share *(RMB cents)*	8	**12.31**	5.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Profit for the period	**254,354**	98,477
Other comprehensive income for the period		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,586**	1,833
Total comprehensive income for the period	**255,940**	100,310
Attributable to:		
Equity shareholders of the Company	**247,025**	102,141
Non-controlling interests	**8,915**	(1,831)
Total comprehensive income for the period	**255,940**	100,310

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2010 (UNAUDITED)

(Expressed in Renminbi)

	Note	**At 30 June 2010** *RMB'000*	At 31 December 2009 *RMB'000*
Non-current assets			
Property, plant and equipment		**300,622**	244,163
Investment properties	9	**267,300**	264,400
Interest in associates		**22,658**	19,471
Interest in joint ventures	10	**177,370**	—
Other financial assets		**15,800**	15,800
Deferred tax assets		**17,025**	19,294
		800,775	563,128
Current assets			
Properties for sale		**5,838,952**	5,247,446
Trade and other receivables	11	**803,181**	275,625
Deposits and prepayments		**1,241,259**	1,146,004
Prepaid tax		**98,895**	42,474
Restricted bank deposits		**477,879**	506,989
Cash and cash equivalents		**2,049,916**	2,364,987
		10,510,082	9,583,525

Current liabilities			
Bank loans	12	**767,230**	982,154
Other loans	13	**766,120**	95,640
Trade and other payables and accruals	14	**1,866,442**	2,040,030
Receipts in advance		**2,192,504**	1,770,122
Tax payable		**102,205**	157,141
		5,694,501	5,045,087
Net current assets		**4,815,581**	4,538,438
Total assets less current liabilities		**5,616,356**	5,101,566
Non-current liabilities			
Bank loans	12	**1,187,208**	790,662
Other loans	13	**308,870**	372,880
Convertible bonds	15	**555,017**	551,288
Deferred tax liabilities		**63,646**	67,043
		2,114,741	1,781,873
NET ASSETS		**3,501,615**	3,319,693
CAPITAL AND RESERVES			
Share capital	16	**179,637**	179,637
Reserves		**3,074,648**	2,944,720
Total equity attributable to equity shareholders of the Company		**3,254,285**	3,124,357
Non-controlling interests		**247,330**	195,336
TOTAL EQUITY		**3,501,615**	3,319,693

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1 Basis of preparation of the interim financial report

This unaudited interim report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 20 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 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.

2 Segment reporting

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.

Turnover from major services

The Group's turnover from its major services are set out in note 3 to this interim financial report.

Geographic information

Included in the turnover for the period is an amount of RMB152,380,000 (2009: RMB93,979,000) which arose from the Group's largest customer.

3 Turnover

The principal activities of the Group are property development, property leasing and construction.

Turnover of the Group for the period is analysed as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Property sales	**1,452,715**	630,041
Property leasing	**10,122**	9,709
Construction	**17,331**	5,095
	1,480,168	644,845

4 Other revenue and net income

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Other revenue		
Interest income	**11,761**	27,157
Government subsidies	**50**	500
Dividend income	**1,294**	—
	13,105	27,657

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Other net income		
Net gain/(loss) on disposals of property, plant and equipment	**9**	(89)
Gain on disposal of a subsidiary	**—**	7,474
Net exchange gain	**3,500**	—
Compensation from contractors	**231**	—
	3,740	7,385

5 Profit before taxation

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank loans	**51,341**	36,223
Interest on other loans	**27,989**	16,853
Interest on convertible bonds *(note 15)*	**26,719**	—
Interest on advances from customers	**3,021**	4,685
Other ancillary borrowing costs	**4,119**	3,627
	113,189	61,388
Less: Borrowing costs capitalised	**(69,162)**	(36,037)
	44,027	25,351
Net change in fair value of derivatives embedded to convertible bonds *(note 15)*	**6,225**	—
	50,252	25,351

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
(b) Other items:		
Depreciation and amortisation	**6,739**	5,275

6 Income tax

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**74,082**	36,901
PRC Land Appreciation Tax	**37,022**	12,592
Withholding tax	**3,694**	—
	114,798	49,493
Deferred tax		
Revaluation of properties	**(83)**	193
Other temporary differences	**(1,045)**	(5,966)
	(1,128)	(5,773)
	113,670	43,720

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

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

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

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

Certain subsidiaries of the Group were subject to CIT calculated based on the deemed profit which represents 10% to 15% (2009: 10% to 15%) of their revenue in accordance with the authorised taxation method (核定徵收) pursuant to the applicable PRC tax regulations. The tax rate was 25% (2009: 25%) on the deemed profit. Other PRC subsidiaries of the Group, which were subject to the audited taxation method (查賬徵收), were charged CIT at a rate of 25% (2009: 25%) on the estimated assessable profits for the period.

(iv) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain subsidiaries of the Group were subject to LAT which is calculated based on 1.5% to 3.5% (2009: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

(v) Withholding tax

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

7 Dividends

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB Nil).

Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$6.8 cents (equivalent to RMB5.94 cents) per ordinary share (2008: HK$11 cents (equivalent to RMB9.6917 cents per ordinary share))	**118,777**	193,834

8 Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the profit attributable to equity holders of the Company of RMB246,254,000 (six months ended 30 June 2009: RMB100,308,000 and the weighted average of 2,000,000,000 shares in issue during the interim period.

No diluted earnings per share is presented as the Company's share options, convertible bonds and warrants as at 30 June 2010 and the Company's share options as at 30 June 2009 do not give rise to any dilution to the earnings per share.

9 Investment properties

All investment properties and investment properties under development of the Group were revalued as at 30 June 2010 by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on an open market value basis. The completed investment properties are valued by reference to net income with allowance for reversionary income potential. For investment properties under development, their valuations are conducted by reference to the residual value approach taking into account comparable market transactions and any future construction costs required for the completion of the development.

10 Interest in joint ventures

Included in the interest in joint ventures was an amount of RMB167,310,000, being the Group's interest in a trust arrangement entered into between the Group and Bridge Trust Company Limited ("Bridge Trust") on 18 May 2010 ("the Trust"). Pursuant to the Strategic Cooperation Agreement, among others, (i) Bridge Trust has established the Trust with the trust capital of RMB669,387,000 in which RMB502,017,000 (502,017,000 units) are preferred units and RMB167,370,000 (167,370,000 units) are ordinary units; (ii) CCRE China has subscribed for the ordinary units of RMB167,370,000; and (iii) CCRE China has provided a guarantee of return of 7.5% per annum to the holders of the preferred units. As at 30 June 2010, the fair value of the financial guarantee does not have material impact to the Group's consolidated financial statements.

The Trust is managed by the Investment Committee. Based on the structure of the Investment Committee, neither Bridge Trust (which is as an agent of the Preferred Unit Holders) nor the Group has controlling power over the Trust. In this regard, the Trust is jointly controlled by Bridge Trust and the Group and therefore, the Trust was recognised as joint venture in the consolidated financial statements as at 30 June 2010 and the Trust Capital was treated as interest in a joint venture.

All the trust capital held under the Trust was advanced to the Group as at 30 June 2010.

11 Trade and other receivables

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Bill receivables	**2,640**	290
Trade receivables	**164,035**	2,950
Other receivables	**532,236**	142,647
Amounts due from related companies	**81,789**	112,637
Gross amount due from a customer for contract work	**538**	—
Derivative financial instruments	**21,943**	17,101
	803,181	275,625

Notes:

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

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Current or less than 1 month overdue	**161,654**	443
1 to less and 3 months overdue	**129**	130
3 to less than 6 months overdue	**451**	250
6 months to less than 1 year overdue	**360**	786
More than 1 year overdue	**1,441**	1,341
	164,035	2,950

Based on past experience, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable.

12 Bank loans

(a) At 30 June 2010, the bank loans were repayable as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**767,230**	982,154
After 1 year but within 2 years	**1,142,208**	646,226
After 2 years but within 5 years	**45,000**	144,436
	1,187,208	790,662
	1,954,438	1,772,816

(b) At 30 June 2010, the bank loans were secured as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Secured	**1,887,047**	1,656,594
Unsecured	**67,391**	116,222
	1,954,438	1,772,816

As 30 June 2010, assets of the Group secured against bank loans are analysed as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Properties for sale	**1,929,187**	1,852,163
Restricted bank deposit	**50,000**	60,000
	1,979,187	1,912,163

13 Other loans

(a) At 30 June 2010, the other loans were repayable as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**766,120**	95,640
After 1 year but within 2 years	**156,870**	119,010
After 2 years but within 5 years	**152,000**	253,870
	308,870	372,880
	1,074,990	468,520

(b) *At 30 June 2010, the other loans were secured as follows:*

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Secured	**347,480**	391,880
Unsecured	**727,510**	76,640
	1,074,990	468,520

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Properties for future development and under development for sale	**271,903**	250,439

Apart from the above, secured other loans with carrying amount of RMB25,000,000 (2009: RMB40,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB128,231,000 (31 December 2009: RMB141,262,000) at 30 June 2010.

(c) Included in other loans was an amount of RMB669,387,000 (31 December 2009: RMB Nil) advanced from the joint venture as described in note 11, which is unsecured, interest bearing at 6.3% per annum and repayable on 24 December 2010.

14 Trade and other payables and accruals

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Bill payables	**299,168**	265,004
Trade payables	**670,170**	806,226
Other payables and accruals	**663,301**	688,491
Amounts due to related companies	**—**	32
Amounts due to non-controlling interests	**112,650**	158,437
Gross amount due to customers for contract works	**25,487**	36,380
Derivative financial instruments	**95,666**	85,460
	1,866,442	2,040,030

The ageing analysis of bill and trade payables is set out as follows:

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Due within 1 month or on demand	**400,307**	698,230
Due after 1 year	**269,863**	107,996
	670,170	806,226

15 Convertible bonds

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 (the "convertible bonds") and 76,097,561 warrants (the "warrants"). The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment. Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments.

In addition to the above, the Company may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date, provided that the closing price of the shares of the Company for each of the thirty consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 130% of the conversion price of HK$3.1 per share. If the Company early redeems the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The holders of the convertible bonds can require the Company to early redeem all the convertible bonds at any time from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date. If the Company is required to early redeem the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The redemption call and redemption put options are separately accounted for at fair value at the initial recognition date and 30 June 2010 as derivative financial instruments and the value is remeasured at each balance sheet date.

The movements of different components of the convertible bonds/warrants are set out below:

	Liability component of the convertible bonds	**Redemption call option**	**Redemption put option**	**Equity component of the convertible bonds**	**Warrant reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(a)	*(b)*	*(c)*	*(d)*	*(d)*	
At 1 January 2010	551,288	(17,101)	85,460	43,166	11,906	674,719
Interest and transaction costs amortised	10,486	—	—	—	—	10,486
Change in fair value	—	(5,071)	11,296	—	—	6,225
Exchange difference	(6,757)	229	(1,090)	—	—	(7,618)
At 30 June 2010	555,017	(21,943)	95,666	43,166	11,906	683,812

(a) At 30 June 2010, the liability component of convertible bonds was repayable as follows:

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
After two years but within five years	**555,017**	551,288

(b) Redemption call option represents the fair value of the Company's option to early redeem all of the convertible bonds.

(c) Redemption put option represents the fair value of the options of the holders of the convertible bonds to early redeem all of the convertible bonds.

(d) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds and the redemption call and put options.

16 Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle three of the Company's directors and seven employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK$1.9 per share. The share option scheme was effective from 25 May 2010. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share option 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.

17 Capital Commitments

(a) Capital commitments outstanding at 30 June 2010 not provided for in the financial statements are as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Authorised but not contracted for	**11,024,024**	6,690,626
Contracted but not provided for	**1,934,156**	1,758,903
	12,958,180	8,449,529

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

18 Contingent liabilities

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**2,535,723**	2,472,712

19 Material related party transactions

During the period ended 30 June 2010, major related party transactions entered by the Group are as follows:

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Sales of properties	(a)	**—**	93,978
Rental expenses	(b)	**225**	201
Interest expenses	(c)	**5,461**	5,312

(a) During the period ended 30 June 2009, the Group sold commercial properties at a consideration of RMB93,978,000 to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The unsettled amount at 30 June 2010 amounted to RMB81,789,000 (31 December 2009: RMB112,347,000). The outstanding amount is unsecured, interest free and recoverable on demand.

(b) The amount represented rental expenses for the office of the Group paid to a related company, in which Mr Wu Po Sum has significant interest.

(c) The amount represented interest expenses in relation to an advance from non-controlling interests of a subsidiary which is interest bearing at 12% per annum.

20 Non-adjusting post balance sheet event

On 2 July 2010, the Group entered into a joint venture agreement with certain individual third parties, pursuant to which, the Group and these individual parties agreed to establish an entity with a registered capital of RMB1,200,000,000, in which the Group has 16.67% equity interest. The entity will be principally engaged in the property development and investment in Zheng Dong New District, Zhengzhou City, Henan Province.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATION REVIEW

(I) Market review

1. Macro-economy

During the first half of 2010, under the shadow of the global debt crisis and the modest recovery of the world's major economies, emerging economies including China maintained a rapid growth momentum. China's GDP for the first half of 2010 reached RMB17.284 trillion, a year-on-year increase of 11.1%.

Given the steady growth in the income of urban and rural residents in Henan Province and strong fundamental consumption demand in the first half of 2010, all cities in Henan had showed signs of booming in their economies. In the first half of 2010, Henan's GDP recorded a 14.3% increase over the same period last year.

2. *Property market*

New property policies issued by the central and local government gradually took effect in the first half of 2010. The GFA of commodity properties sold and revenue from the sales of commodity properties in the PRC were 394 million sq.m. and RMB1.98 trillion respectively, representing a year-on-year increase of 15.4% and 25.4% and a decline of 7.1 percentage points and 13 percentage points respectively as compared to January-May.

The property market in Henan Province, being the main market of the Company's business development, remained steady as a whole. For the first half of 2010, the GFA of commodity properties sold and revenue from the sales of commodity properties in Henan Province amounted to 18.14 million sq.m. and RMB53.1 billion respectively, representing a year-on-year increase of 30.7% and 47.3% and down by 5.0 percentage points and 6.3 percentage points respectively as compared to January-May.

(II) Project Development

During the reporting period, with a view to maintaining its competitiveness as the region's leading industry player, while continuing its endeavour to push ahead its product in-series research and standardisation, the Company further looked into the possibility of housing industrialisation, stepped up its research efforts in low carbon residences and green residences, laying a strong foundation for the next phase of business expansion in the region.

During the reporting period, capitalizing on the rapid growth in the economy and the property market in Henan, the Company's results registered a remarkable growth over the same period last year.

(1) Development schedule

During the reporting period, the Group commenced development of 8 projects or phases, with newly commenced GFA of 517,864 sq.m..

Geographical breakdown of newly commenced projects in the first half of 2010

Location	Newly commenced GFA *(sq.m.)*
Zhengzhou	109,059
Other cities in Henan Province	408,805
Total	517,864

As at 30 June 2010, the Group had 28 projects/phases under development with a total GFA of approximately 1,523,506 sq.m., including 7 projects in Zhengzhou and 21 projects in other cities of Henan Province.

Geographical breakdown of projects under development as at 30 June 2010

Location	GFA under development *(sq.m.)*
Zhengzhou	416,102
Other cities in Henan Province	1,107,404
Total	1,523,506

In the first half of 2010, the Group had completed the development of 6 projects or phases. The total completed GFA was 264,358 sq.m., with saleable GFA of 247,852 sq.m.. The total GFA sold was 210,020 sq.m., with a pre-sale rate of 84.7%.

Completed projects in the first half of 2010

Project	Total GFA	Saleable GFA	Pre-sold/ sold GFA
	(sq.m.)	*(sq.m.)*	*(sq.m.)*
Forest Peninsula (Zhengzhou) Phase IV	37,941	25,760	20,648
Champagne Garden (Zhengzhou) (High-rise)	19,053	19,053	4,803
One City (Luoyang) Phase I	47,700	47,607	45,418
Forest Peninsula (Luohe) Phase III first batch	46,712	46,712	33,919
Forest Peninsula (Zhumadian) Phase V first batch	38,684	38,684	38,500
Kaifeng Zhengkai Forest Peninsula Phase II	74,268	70,036	66,732
	264,358	247,852	210,020

(2) *Sales schedule*

During the reporting period, the Company sold/pre-sold 391,078 sq.m. with a sale/pre-sale value of RMB1,889 million, representing an increase of 41% over the same period last year.

Geographical breakdown of sales/pre-sale in the first half of 2010

Location	Approximate saleable areas sold	Approximate total amount
	(sq.m.)	*(RMB million)*
Zhengzhou	77,344	545
Other cities in Henan Province	313,734	1,344
Total	391,078	1,889

(3) Land Reserves

During the reporting period, the Company adopted flexible land acquisition tactics and acquired land through methods such as public bidding, equity acquisition and cooperations, in order to accumulate quality land resources for the Company. As at 30 June 2010, the Company had land reserves with a GFA of 10.92 million sq.m., for which land use right certificates were obtained for 7.21 million sq.m..

II. BUSINESS OUTLOOK

(I) Market Outlook

1. Macro-economy

In spite of a slight slowdown in China's economic growth in the second quarter of 2010, domestic consumption recorded a steady growth as a result of the effect of China's industrial development planning and the RMB4 trillion investment package continued to take effect. The Company expects that China's economy will maintain its steady growth momentum in the second half of the year.

As the construction of 180 industry clusters such as Zhongyuan Electric Valley (中原電氣谷) will be accelerated and with the construction of the intra-city and intra-province high speed railways which kicked off as scheduled, the industrialization and urbanization of Henan Province will be further expedited. The Company expects the economy of Henan Province will continue to grow steadily in the second half of 2010.

2. Real estate market

There has been no sign of relaxation of the government's macro-control policies on the real estate market, and transaction volume and price of commodity properties in certain cities have declined. However, given that the real estate sector is regarded as one of the pillar industries driving China's economic growth, the Company expects that the PRC government's control measures over the real estate sector will take into consideration the nation's economic growth. Growth of the real estate industry may slow down, but an upward development is expected to continue in the long term.

As the real estate market in Henan Province started late, demand of properties for speculative investment is limited. As such, the macro-control measures which are specifically designed to curb investment and speculation in the real estate sector will not have significant impact on Henan. Further, the National Development and Reform Commission promulgated the "Plan for Promoting the Rise of Central China"(促進中部地區崛起規劃) and the construction of city clusters in central part of China commenced as scheduled, which brought a rare opportunity and a historic moment for Henan's property market. The Company expects that Henan's property market will continue its steady growth.

(II) Business Planning

In the second half of 2010, the Company will continue to provide high quality products and expand its development scale to meet the annual operation target as committed to the capital market.

(1) Progress of work

In the second half of 2010, the Group is expected to commence development of a total of 23 projects or phases, with a GFA of approximately 1,569,385 sq.m..

Geographical breakdown of commencement of development in the second half of 2010

Location	**Total GFA** *(Sq.m.)*	**Percentage** *(%)*
Zhengzhou	178,200	11%
Other cities in Henan	1,391,185	89%
Total	1,569,385	100%

(2) Completion plan

The Group expects to complete 21 projects/phases with a GFA of 990,688 sq.m. in the second half of 2010.

Expected completion of construction in the second half of 2010

Project	**Total GFA (sq.m.)**
One City (Zhengzhou)	109,059
Jianye Maple Garden (Zhengzhou)	83,690
U-Town (Zhengzhou) Phase V first batch	40,901
U-Town (Zhengzhou) Phase VII	113,563
Zhengzhou Xiangsheng Garden	44,497
Forest Peninsula (Hebi) Phase I first batch	30,422
Forest Peninsula (Xinxiang Golden Dragon) Phase I second batch	10,662
Jianye City (Puyang) Phase IV	22,195
Forest Peninsula (Luohe) Phase III second batch	52,453
One City (Luohe) Phase I	69,412
Sweet-Scented Osmanthus Garden Phase IV	53,288
U-Town (Shangqiu) Phase I	41,703
Forest Peninsula (Zhoukou) Phase I	7,411
Forest Peninsula (Zhoukou) Phase II	29,524
Forest Peninsula (Zhumadian) Phase V second batch	50,761
Forest Peninsula (Xinyang) Phase III	39,191
One City (Jiyuan) Phase I	25,475
Huayang Square (Luoyang) Phase II	133,898
Jianye Dahong City Garden Phase II first batch	3,044
Kaifeng Zhengkai Forest Peninsula Phase VI first batch	11,983
Kaifeng Zhengkai Forest Peninsula Phase VII first batch	17,557
Total	990,688

III. FINANCIAL ANALYSIS

Profit for the period: Profit attributable to the equity shareholders of the Group increased by 145.5% to RMB246 million from RMB100 million for the same period last year, mainly attributable mainly to the increase in turnover and GFA completed and sold for the period.

Turnover: The Group's turnover increased from RMB645 million to RMB1,480 million (including RMB1,453 million from sale of commodity properties, accounting for approximately 98.2%), or approximately 129.5% as compared with the same period of 2009. The increase was mainly due to a 104.6% increase in GFA completed and sold, from 166,358 sq.m. in the first half of 2009 to 340,336 sq.m. in the first half of 2010. The increase was due mainly to higher average selling price, from RMB3,787 per sq.m. in the first half of 2009 to RMB4,268 per sq.m. in the first half of 2010, increased by 12.7%.

Cost of sales: The Group's cost of sales increased from RMB395 million to RMB931 million, or 136.0%. The increase was primarily due to the increase in total GFA completed and sold.

Gross profit margin: Gross profit margin was 37.1%, a by 1.7 percentage point decrease as compared with 38.8% for the same period of 2009, which was due mainly to higher average land and development costs in the first half of 2010.

Other revenue: Other revenue from operations fell by RMB15 million from RMB28 million to RMB13 million, attributable primarily to the decrease in interest income from bank deposits.

Other net income: Other net income decreased from RMB7 million to RMB4 million, which was due primarily to the decrease in a gain of RMB7 million from the disposal of a subsidiary. The decrease was partially offset by exchange gain of RMB4 million arising from loans denominated in foreign currencies.

Selling and marketing expenses: Selling expenses increased from RMB43 million to RMB60 million, an increase of RMB17 million, which was due mainly to additional RMB7 million of sponsorship fee for football team as well as an increase in advertising and promotion expenses of RMB8 million for new projects.

General and administrative expenses: General and administrative expenses increased from RMB66 million to RMB78 million, an increase of 18.1%, due mainly to increase in the number of staff as a result of an expansion of the Group's operations.

Other operating expenses: Other operating expenses increased from RMB8 million to RMB9 million, attributable to higher heat and hot water services due to higher prices of coal and oil.

Share of losses of associates: Amount represented the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited as operating expenses incurred by that company in its early stages before revenue was generated.

Finance costs: Finance costs increased from RMB25 million to RMB50 million, due mainly to a RMB58 million increase in gross borrowing costs as a result of higher borrowings for additional projects during the period under review and the issuance of convertible bonds in 2009, part of which was offset by an increase in capitalization of borrowing costs.

Changes in fair value of investment properties: The fair value of the Group's investment properties increased by approximately RMB0.3 million in the first half of 2010. Market values of the Group's investment properties basically remained stable.

Income tax: The Group's income tax increased by RMB70 million from RMB44 million to RMB114 million, or 160.0%. The effective tax rate remained stable at approximately 31%.

Financial resources and utilisation: As at 30 June 2010, the Group's cash and cash equivalents amounted to RMB2,050 million (31 December 2009: RMB2,365 million). During the reporting period, the Group distributed a dividend of RMB119 million in relation to profit attributable to the year ended 31 December 2009.

Pledge of assets: As at 30 June 2010, the Group had pledged buildings, projects under construction, properties held for future development and under development, completed properties for sales and bank deposits with an aggregate carrying amount of RMB2,251 million to secure the Group's general bank credit facilities.

Financial guarantees: As at 30 June 2010, the Group provided guarantees of approximately RMB2,536 million to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties.

Capital commitment: As at 30 June 2010, the Group had contractual commitments in respect of properties development activities amounting to RMB1,934 million and the Group had authorised, but not yet contracted for, a further RMB11,024 million in expenditure in respect of property development.

Employees and Remuneration Policy

As at 30 June 2010, the total number of employees of the Group was 1,046 (31 December 2009: 950). Employees are remunerated based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group's policies on insurances and provident funds are in line with the state and local laws and regulations on labor and social welfare. As at the date hereof, the Group has no major labor disputes which has or may have adverse impact on its business operation.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationships with external auditors, the Company's financial reporting, the internal control and risk management system, and there was no disagreement by the Audit Committee or the external auditors on the accounting policies adopted by the Company.

The Audit Committee comprises Mr. Cheung Shek Lun (the chairman of the Audit Committee) and Mr. Xin Luo Lin (appointed on 1 March 2010) who are independent non-executive Directors and Mr. Leow Juan Thong Jason who is a non-executive Director.

The Audit Committee has reviewed the consolidated financial statements of the Company for the period ended 30 June 2010 and considers that the Company has complied with all applicable accounting standards and requirements and made adequate disclosure.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Remuneration Committee comprises an executive Director, Mr. Wu Po Sum (the chairman of the Remuneration Committee) and two independent non-executive Directors, Mr. Cheung Shek Lun and Mr. Xin Luo Lin (appointed on 1 March 2010). The principal responsibilities of the Remuneration Committee include reviewing and making recommendation to the Board on the Company's policies, remuneration structure and remuneration packages of Directors and senior management of the Group.

The Remuneration Committee has reviewed the compensation payable to all Directors and members of senior management in accordance with the contractual terms and considers that such compensation is fair and not excessive to the Company.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code for the period ended 30 June 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to good corporate governance practices and procedures including a quality Board, sound internal control, transparency and accountability to its shareholders. It has fully complied with the Code on Corporate Governance Practices as stated in Appendix 14 to the Listing Rules throughout the period ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE AND OF THE COMPANY

The interim results announcement is published on the websites of the Company (http://www.centralchina.com) and the Stock Exchange (http://www.hkex.com.hk). The Company's 2010 interim report will be despatched to the Shareholders and published on the aforesaid websites in due course.

By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 20 August 2010

As at the date of this announcement, the Board comprised ten Directors, of which Mr. Wu Po Sum, Mr. Wang Tianye and Ms. Yan Yingchun are executive Directors, Mr. Lim Ming Yan (alternate director: Mr. Lucas Ignatius Loh Jen Yuh), Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wallis Wu are non-executive Directors, Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin are independent non-executive Directors.

* *For identification purposes only*