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 2011

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 June 2011 amounted to RMB2,529 million, an increase of 70.9% compared with the corresponding period in 2010.
- Gross profit margin for the period was 45.6%, as compared with 37.1% for the corresponding period in 2010.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB322 million, an increase of 30.6% compared with the corresponding period in 2010.
- Net profit margin for the period was 13.1%, as compared with 17.2% for the corresponding period in 2010.
- Basic earnings per share for the period was RMB15.64 cents, an increase of 30.2% compared with the corresponding period in 2010.

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 2011.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2011 - unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Turnover	4	**2,529,121**	1,480,168
Cost of sales		**(1,374,739)**	(931,091)
Gross profit		**1,154,382**	549,077
Other revenue	5	**29,491**	13,105
Other net (loss)/income	5	**(13,006)**	3,740
Selling and marketing expenses		**(71,744)**	(59,627)
General and administrative expenses		**(96,714)**	(78,277)
Other operating expenses		**(9,719)**	(8,758)
Profit from operations		**992,690**	419,260
Share of losses of associates		**(1,535)**	(1,313)
Share of losses of jointly controlled entities		**(40,194)**	—
Finance costs	6(a)	**(131,136)**	(50,252)

Profit before change in fair value of investment properties and income tax		**819,825**	367,695
Increase in fair value of investment properties		**1,380**	329
Profit before taxation	6	**821,205**	368,024
Income tax	7	**(489,163)**	(113,670)
Profit for the period		**332,042**	254,354
Attributable to:			
Equity shareholders of the Company		**321,696**	246,254
Non-controlling interests		**10,346**	8,100
Profit for the period		**332,042**	254,354
Basic earnings per share *(RMB cents)*	9	**15.64**	12.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011 - unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Profit for the period		**332,042**	254,354
Other comprehensive income for the period	8		
Exchange differences on translation of financial statements of overseas subsidiaries		**26,494**	1,586
Total comprehensive income for the period		**358,536**	255,940
Attributable to:			
Equity shareholders of the Company		**348,818**	247,025
Non-controlling interests		**9,718**	8,915
Total comprehensive income for the period		**358,536**	255,940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2011 - unaudited

(Expressed in Renminbi)

	Note	**At 30 June 2011** *RMB'000*	At 31 December 2010 *RMB'000*
Non-current assets			
Property, plant and equipment	10	**678,942**	513,268
Investment properties	11	**278,280**	276,900
Interests in associates		**39,301**	40,837
Interests in jointly controlled entities	12	**2,597,232**	2,742,160
Other financial assets		**86,800**	71,800
Deferred tax assets		**60,001**	18,260
		3,740,556	3,663,225
Current assets			
Trading securities		**129,485**	163,461
Properties for sale	13	**7,104,046**	6,334,705
Trade and other receivables	14	**426,869**	328,064
Deposits and prepayments	15	**3,381,997**	956,533
Prepaid tax		**202,478**	80,468
Restricted bank deposits	16	**448,311**	536,376
Cash and cash equivalents		**3,539,647**	3,370,335
		15,232,833	11,769,942

	Note		
Current liabilities			
Bank loans	17	**1,562,211**	1,423,859
Other loans	18	**594,470**	168,010
Trade and other payables and accruals	19	**4,890,978**	2,828,509
Receipts in advance		**3,670,729**	3,453,939
Tax payable		**551,258**	311,806
		11,269,646	8,186,123
Net current assets		**3,963,187**	3,583,819
Total assets less current liabilities		**7,703,743**	7,247,044
Non-current liabilities			
Bank loans	17	**461,000**	492,416
Other loans	18	**132,700**	449,870
Convertible bonds	20	**551,696**	552,209
Senior notes	21	**1,892,548**	1,928,806
Deferred tax liabilities		**65,529**	52,059
		3,103,473	3,475,360
NET ASSETS		**4,600,270**	3,771,684
CAPITAL AND RESERVES	23		
Share capital		**215,185**	179,637
Reserves		**4,044,803**	3,316,181
Total equity attributable to equity shareholders of the Company		**4,259,988**	3,495,818
Non-controlling interests		**340,282**	275,866
TOTAL EQUITY		**4,600,270**	3,771,684

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Basis of preparation

This 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").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements.

The interim financial report for the six months ended 30 June 2011 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, whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Company's Audit Committee.

The comparatives of the consolidated income statement and the consolidated statement of comprehensive income in respect of the six months ended 30 June 2010 and the related notes disclosed in this interim financial report were derived from the Group's interim financial report for the six months ended 30 June 2010 and have not been audited nor reviewed.

2 Changes in accounting policies

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

— HKAS 24 (revised 2009), Related party disclosures

— Improvements to HKFRSs (2010)

— HK(IFRIC) 19, Extinguishing financial liabilities with equity instruments

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

HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

3 Segment reporting

(a) Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8, Operating segments.

(b) Turnover from major services

The Group's turnover from its major services is set out in note 4 to this interim financial report.

(c) Geographic information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

(d) Information about major customers

The Group does not have a single customer with whom transactions have exceeded 10% of the Group's turnover for the six months ended 30 June 2011. The turnover from the largest customer of the Group for the six months ended 30 June 2010 amounted to RMB152,380,000.

4 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	
	2011	2010
	RMB'000	*RMB'000*
Income from sales of properties	**2,511,611**	1,452,715
Rental income	**10,289**	10,122
Revenue from construction contracts	**7,221**	17,331
	2,529,121	1,480,168

5 Other revenue and net (loss)/income

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Other revenue		
Interest income	**28,403**	11,761
Dividend income from equity securities	**1,078**	1,294
Government grants	**10**	50
	29,491	13,105
Other net (loss)/income		
Net exchange gain	**17,664**	3,500
Net unrealised loss on trading securities	**(30,863)**	—
Net gain on disposals of property, plant and equipment	**4**	9
Compensation from contractors	**189**	231
	(13,006)	3,740

6 Profit before taxation

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**66,078**	51,341
Interest on other loans	**33,479**	27,989
Interest on convertible bonds	**26,765**	26,719
Interest on senior notes	**123,290**	—
Interest on advances from customers	**—**	3,021
Other ancillary borrowing costs	**3,239**	4,119
	252,851	113,189
Less: Borrowing costs capitalised	**(137,600)**	(69,162)
	115,251	44,027
Net change in fair value of derivatives embedded to convertible bonds	**14,613**	6,225
Net change in fair value of derivatives embedded to senior notes	**1,272**	—
	131,136	50,252

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
(b) Other item		
Depreciation and amortisation	**10,024**	6,739

7 Income tax

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**250,154**	74,082
PRC Land Appreciation Tax	**264,687**	37,022
Withholding tax	**2,593**	3,694
	517,434	114,798
Deferred tax		
Revaluation of properties	**179**	(83)
Other temporary differences	**(28,450)**	(1,045)
	(28,271)	(1,128)
	489,163	113,670

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

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

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

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

PRC subsidiaries of the Group were charged CIT at a rate of 25% (six months ended 30 June 2010: 25%) on the estimated assessable profits for the period.

For the six months ended 30 June 2010, certain subsidiaries of the Group were subject to CIT calculated based on the deemed profit which represented 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% on the deemed profit. None of the PRC subsidiaries of the Group were subject to authorised taxation method on CIT for the current period.

(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. Certain subsidiaries of the Group were subject to LAT which is calculated based on 1.5% to 4.5% (six months ended 30 June 2010: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

(e) 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%.

8 Other comprehensive income

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	**26,494**	1,586

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

9 Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of RMB321,696,000 (six months ended 30 June 2010: RMB246,254,000) and the weighted average of 2,056,659,000 shares (six months ended 30 June 2010: 2,050,400,000 shares after adjusting for the rights issue during the period ended 30 June 2011) in issue during the interim period.

The Company's share options, convertible bonds and warrants as at 30 June 2011 and 2010 did not give rise to any dilution effect to the earnings per share.

10 Property, plant and equipment

During the six months ended 30 June 2011, the Group's additions in property, plant and equipment amounted to RMB175,820,000 (six months ended 30 June 2010: RMB25,860,000). Items of property, plant and equipment with a net book value of RMB122,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB113,000), resulting a gain on disposal of RMB4,000 (six months ended 30 June 2010: RMB9,000). No properties for sales were transferred to property, plant and equipment during the period (six months ended 30 June 2010: RMB37,451,000).

11 Investment properties

All investment properties of the Group were revalued as at 30 June 2011 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 investment properties are valued by reference to net income with allowance for reversionary income potential.

12 Interest in jointly controlled entities

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Share of net assets	**1,458,810**	1,180,604
Amounts due from jointly controlled entities	**1,138,422**	1,561,556
	2,597,232	2,742,160

Amounts due from jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment but are not expected to be settled within one year.

During the period, the Group has entered into a new trust arrangement with Bridge Trust Company Limited ("Bridge Trust"), under which Bridge Trust established the Bridge Trust-CCRE Group Real Estate Trust Investment Fund II ("Bridge-CCRE Trust II") with the trust capital of RMB1,077,600,000, of which RMB808,200,000 are preferred units and RMB269,400,000 are ordinary units. The Group subscribed all the ordinary units and provided a guarantee return of 8.5% per annum to the holders of the preferred units.

Bridge-CCRE Trust II is managed by the Investment Committee. The directors are of the opinion that based on the structure of the Investment Committee, neither Bridge Trust (as an agent of holders of the preferred units) nor the Group has controlling power over Bridge-CCRE Trust II. In this regard, the directors consider that the Bridge-CCRE Trust II is jointly controlled by Bridge Trust and the Group and the ordinary units subscribed by the Group is treated as interest in jointly controlled entities.

At 30 June 2011, Bridge-CCRE Trust II advanced RMB400,000,000 to the Group which is unsecured, interest-free with no fixed terms of repayment and included in amounts due to jointly controlled entities under "Trade and other payables and accruals". In addition, at 30 June 2011, the Group borrowed a loan of RMB177,600,000 from Bridge-CCRE Trust II. The loan is unsecured, interest-bearing at 7.13% per annum, due on 9 November 2011 and recorded as "Other loans" in the interim financial report.

13 Properties for sale

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Properties held for future development and under development for sale	**6,065,505**	5,277,502
Completed properties held for sale	**1,038,541**	1,057,203
	7,104,046	6,334,705

14 Trade and other receivables

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Bill receivables	**400**	100
Trade receivables *(note (a))*	**37,839**	40,737
Other receivables *(note (b))*	**195,181**	203,260
Amounts due from related companies	**42,889**	43,126
Amounts due from non-controlling interests	**30,000**	—
Amount due from a jointly controlled entity *(note (c))*	**90,000**	—
Gross amounts due from customers for contract work	**2,675**	3,939
Derivative financial instruments	**27,885**	36,902
	426,869	328,064

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

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Current or less than 1 month overdue	**10,624**	38,417
1 to less and 3 months overdue	**250**	156
3 to less than 6 months overdue	**24,174**	250
6 months to less than 1 year overdue	**2,791**	522
More than 1 year overdue	**—**	1,392
	37,839	40,737

In respect of trade receivables of mortgage sales, no credit terms are granted to the purchasers. The Group normally arranges bank financing for purchasers of its properties up to 70% of the total purchase price of the properties and provides guarantee to secure repayment obligations of such purchasers. The Group's guarantee period commences from the date of grant of relevant mortgage loans and ends after the purchasers obtain the individual property ownership certificates of the properties purchased.

If there is default in payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to retain the customer's 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 purchasers until full payments are received. Sales and marketing staffs of the Group are delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

Based on past experience, management believes that no impairment allowance is necessary in respect of the overdue balances. The Group does not hold any collateral over these balances, except for the mortgage loans receivables as set out in note 25.

(b) At 30 June 2011, included in other receivables are amounts of RMB50,000,000 (31 December 2010: Nil) which are unsecured, interest bearing at 12% to 13% per annum and recoverable within one year.

(c) At 30 June 2011, the amount due from a jointly controlled entity is unsecured, interest bearing at 5.56% per annum and recoverable within one year.

15 Deposits and prepayments

At 30 June 2011, the balance included deposits and prepayments for leasehold land of RMB3,097,493,000 (31 December 2010: RMB774,093,000).

16 Restricted bank deposits

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Guarantee deposits in respect of:		
— mortgage loans related to properties sale	**151,151**	163,146
— bills payable	**297,160**	373,230
	448,311	536,376

17 Bank loans

(a) At 30 June 2011, bank loans were repayable as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Within 1 year or on demand	**1,562,211**	1,423,859
After 1 year but within 2 years	**361,000**	324,416
After 2 years but within 5 years	**100,000**	168,000
	461,000	492,416
	2,023,211	1,916,275

(b) At 30 June 2011, bank loans were secured as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Secured	**1,372,580**	1,176,640
Unsecured	**650,631**	739,635
	2,023,211	1,916,275

At 30 June 2011, properties for sales of the Group with carrying amount of RMB2,115,261,000 (31 December 2010: RMB1,916,744,000) are secured against bank loans of the Group.

(c) Certain term loan agreements of the Group contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. At 30 June 2011, the non-current portion of term loans from banks repayable on demand amounted to RMB295,681,000 (31 December 2010: RMB152,672,000) was classified as current liabilities of the Group.

In addition, certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain financial ratios of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

At 30 June 2011, none of the covenants relating to drawn down facilities had been breached (31 December 2010: RMB Nil).

18 Other loans

(a) At 30 June 2011, other loans were repayable as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Within 1 year	**594,470**	168,010
After 1 year but within 2 years	**132,700**	297,870
After 2 years but within 5 years	**—**	152,000
	132,700	449,870
	727,170	617,880

(b) At 30 June 2011, other loans were secured as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Secured	**329,570**	357,880
Unsecured	**397,600**	260,000
	727,170	617,880

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

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Properties for sales	**243,061**	174,457
Property, plant and equipment	**106,400**	106,997
	349,461	281,454

In addition, secured other loans with carrying amount of RMB25,000,000 (31 December 2010: RMB25,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB128,962,000 (31 December 2010: RMB133,069,000) at 30 June 2011.

(c) Included in other loans is an amount of RMB190,000,000 (31 December 2010: RMB190,000,000) in relation to a trust arrangement with a trust company. Under the trust arrangement, the trust company injected paid-in capital to the subsidiary and the legal title of the share was transferred to the trust company. The Group committed to repurchase while the trust company has the obligation to sell such share within a pre-set period. The trust company does not entitle to any profit distribution from the subsidiary but receives fixed interest income periodically. Such paid-in capital is classified as other loans in the interim financial report.

(d) In addition, included in other loans is an amount of RMB177,600,000 which was borrowed from Bridge-CCRE Trust II as set out in note 12.

19 Trade and other payables and accruals

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Bill payables	**297,160**	373,230
Trade payables *(note (a))*	**1,167,917**	980,002
Other payables and accruals	**789,839**	904,945
Amounts due to jointly controlled entities *(note (b))*	**2,390,370**	355,783
Amounts due to related companies	**30**	32
Amounts due to non-controlling interests	**148,893**	123,342
Derivative financial instruments	**96,769**	91,175
	4,890,978	2,828,509

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

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Due within 1 month or on demand	**986,788**	781,206
Due after 1 year	**181,129**	198,796
	1,167,917	980,002

(b) Other than the advance of RMB400,000,000 from Bridge-CCRE Trust II as set out in note 12, during the period, certain jointly controlled entities of the Group which were jointly controlled by Bridge Trust-CCRE Group Real Estate Trust Investment Fund ("Bridge-CCRE Trust I") established in 2010 made advances to the Group. These amounts are unsecured, interest free and have no fixed repayment terms.

20 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 as derivative financial instruments and their fair value is remeasured at the end of each reporting period.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK$2.984 and HK$3.947 respectively.

21 Senior notes

On 20 October 2010, the Company issued senior notes with principal amount of US$300,000,000 due 2015 (the "senior notes"). The senior notes are interest-bearing at 12.25% per annum and payable semi-annually in arrears. The maturity date of the senior notes is 20 October 2015. On or after 20 October 2013, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 20 October of each of the years indicated below.

Period	Redemption price
2013	106.1250%
2014	103.0625%

In addition, at any time prior to 20 October 2013, the Company may at its option:

(i) redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

(ii) redeem up to 35% of the aggregate principal amount of the senior notes with the funds generated from equity offering at a redemption price of 112.5% at the principal amount of the senior notes, plus accrued and unpaid interest, if any, to the redemption date.

The redemption options held by the Company are separately accounted for as derivative financial instruments and stated at fair value at the end of each reporting period.

22 Equity settled share-based transaction

(a) Pre-IPO share option scheme

On 14 May 2008, the Company conditionally granted Pre-IPO share options to the Company's directors, employees and consultants. The exercise of these share options would entitle five of the Company's directors and ninety employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The exercise price is HK$2.75 per share. The pre-IPO share option scheme was effective from the listing date of the Company's share on The Stock Exchange Hong Kong Limited. Under the Pre-IPO share option scheme, no Pre-IPO share options are exercisable within the first year from the listing date. Not more than 20% of the share options are exercisable within the second year from the listing date and not more than 40% of the share options are exercisable in each of the third and fourth year from the listing date. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted share options to the Company's directors and employees. The exercise of these share options would entitle 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 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.

(c) Adjustments to the exercise price and outstanding number of share options

On 28 June 2011, upon the rights issue of the Company, the exercise price of Pre-IPO share options and share options granted on 25 May 2010 was adjusted to HK$2.682 and HK$1.853 respectively and the number of outstanding share options was adjusted from 48,150,000 to 49,363,380.

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

	Number of options
Outstanding at 1 January 2011	49,100,000
Lapsed/forfeited during the period	(950,000)
Adjustment upon rights issue	1,213,380
Outstanding at 30 June 2011	49,363,380
Exercisable at 30 June 2011	32,960,180

The options outstanding at 30 June 2011 had a weighted average exercise price of HK$2.34 (31 December 2010: HK$2.41) and a weighted average remaining contractual life of 4.8 years (31 December 2010: 5.3 years). The weighted average exercise price of exercisable options at 30 June 2011 was HK$2.58 (31 December 2010: HK$2.34).

No options were exercised during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(e) Share options granted subsequent to the reporting period

On 25 July 2011, the Company granted 12,500,000 share options to the Company's employees with exercise price of HK$2.16 per share. The vesting period of the share options is the same as the share options granted by the Company on 25 May 2010.

23 Capital, reserves and dividends

(a) Issue of shares upon rights issue

On 28 June 2011, the Company issued 428,000,000 shares of HK$0.1 each by way of a rights issue in the proportion of 21.4 rights shares for every 100 ordinary shares at a subscription price of HK$1.71 per rights share. These newly issued shares rank equally in all respects with the existing shares. The net proceeds from the rights issue amounted to HK$718,171,000 (equivalent to RMB596,487,000).

(b) Dividends

(i) The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB Nil).

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of HK$9.7 cents per ordinary share (2009: HK$6.8 cents per ordinary share))	**162,615**	118,777

24 Commitments

Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report are as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Contracted for	**1,640,503**	1,957,446
Authorised but not contracted for	**16,583,925**	11,805,438
	18,224,428	13,762,884

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

25 Contingent liabilities

The Group provides guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. The Group's guarantee period commences from the date of grant of the relevant mortgage loans and ends after the purchasers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at 30 June 2011 is as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,862,604**	3,060,798

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

26 Material related party transactions

During the six months ended 30 June 2011, major related party transactions entered by the Group are as follows:

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Interest income from jointly controlled entities	(a)	**14,617**	—
Interest expenses to jointly controlled entities	(b)	**(5,831)**	—
Interest expenses to non-controlling interest	(c)	**—**	(5,461)
Rental expenses to a related company	(d)	**—**	(225)

(a) The amount represents interest income in relation to advances to jointly controlled entities during the period.

(b) The amount represents interest expenses in relation to loans from Bridge-CCRE Trust II as set out in note 12.

(c) The amount for the six months ended 30 June 2010 represented interest expenses in relation to advances from non-controlling interests of a subsidiary which was unsecured and interest bearing at 12% per annum and settled in 2010.

(d) The amount for the six months ended 30 June 2010 represented rental expenses for the office of the Group paid to a related company, in which Mr Wu Po Sum has significant interest. The lease was terminated in 2010.

(e) Directors' remuneration

The Company's directors remuneration during the period are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Directors' fees	**488**	473
Salary and other emoluments	**6,808**	5,215
Contribution to retirement benefit schemes	**24**	24
Share-based payment	**1,379**	1,209
	8,699	6,921

27 Acquisition of a subsidiary

On 9 February 2011, the Group acquired 100% equity interest in Henan Shengtai Real Estate Company Limited ("Henan Shengtai") at a consideration of RMB32,632,000 from an independent third party. Henan Shengtai is holding a piece of land with land area of 6,506 sq.m. in Zhengzhou for property development purpose. Since the date of the acquisition, Henan Shengtai did not have significant impact on the Group's net profit.

28 Non-adjusting events after the reporting period

On 5 August 2011, the Group acquired the remaining 50% equity interest in Henan Coal Chemical Central China Real Estate Development Investment Co., Ltd ("CCRE Coal Chemical"), a former jointly controlled entity of the Group, at a consideration of RMB52,800,000. Subsequent to the acquisition, CCRE Coal Chemical became a wholly-owned subsidiary of the Group.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period beginning 1 January 2011

Up to the date of issue of interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for accounting period beginning 1 January 2011 and which have not been adopted in the interim financial report.

The Group has made an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but has so far concluded that these amendments, new standards and new interpretations would not have a significant impact on the Group's results of operations and financial position.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATION REVIEW

(A) Review on the Market and the Group's Business

1. Macro-economy

In the first half of 2011, the world-wide economy was slowly recovering as it did in 2010 but instabilities and uncertainties remained. China, albeit facing the pressure of inflation, managed to maintain a steady and burgeoning economy. Meanwhile, China's GDP increased by 9.6% year on year to an aggregate of RMB20,445.9 billion.

In the first half of 2011, the construction of an economic zone in central China led Henan's GDP to increase by approximately 11.2% over the same period last year to RMB1,240.5 billion, which was 1.6 percentage points over the national growth rate.

2. Property market

In the first half of 2011, the Chinese government implemented various policy measures such as "purchase restrictions", "price restrictions" and "caps on credit" to cool down the real estate market. Under these circumstances, transaction volume of certain first-tier cities decreased and prices of commodity properties dropped year on year. However, on a national scale, underpinned by a strong underlying demand brought about by urbanization, China's property market still maintained a stable and rapid growth momentum in general.

Henan's property market is of great prominence to the Group's business development. Except for Zhengzhou which was subject to purchase restriction, other cities in the province remained immune to the impact of such policy. In the first half of 2011, Henan's property market still witnessed a steady and rapid growth. Meanwhile, the GFA of the commodity properties sold increased by 20.1% year on year to 21.8 million sq.m., which was 7.2 percentage points above the national growth rate. Correspondingly, the revenue from the sales of commodity properties increased by 42% to RMB75.4 billion, which was 17.9 percentage points above the national growth rate.

(B) Project Development

During the reporting period, leveraging 19 years of track record in property development and having been managed by an outstanding management team under the theme of "innovative, effective and efficient management", the Group actively explored the applicable management model for prefecture-level markets, strengthened collaboration with suppliers and lifted its management standards, product research and development capabilities as well as service quality, thus laying solid foundation for a steady increase in scale and sustainable growth in profitability.

During the reporting period, the Group achieved records of newly commenced GFA of 1,380,230 sq.m. and completed GFA of 241,869 sq.m.. During the reporting period, the Group recorded contract sales/pre-sale area of 709,818 sq.m. and contract sales/pre-sales of RMB4.53 billion, representing a 140% growth when compared with the corresponding period in 2010. In addition, its market share in Henan reached 6%, representing a significant increase as compared with last year. Such increase in market share boosted the Group's market influence in Henan.

1. Development schedule

During the reporting period, the Group commenced construction of 18 projects or phases, with newly commenced GFA of 1,380,230 sq.m., representing a year-on-year increase of 167% over the same period last year.

Geographical breakdown of newly commenced projects during the first half of 2011

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	44,473
Other cities in Henan Province	1,335,757
Total	1,380,230

As at 30 June 2011, the Group had 27 projects under development, including 41 projects/phases, five of which were located in Zhengzhou and 22 projects in other cities of Henan. The total GFA of projects under development was approximately 2,568,854 sq.m..

Geographical breakdown of projects under development as at 30 June 2011

Location	**GFA under development** *(sq.m.)*
Zhengzhou	176,027
Other cities in Henan Province	2,392,827
Total	2,568,854

During the reporting period, the Group completed a total of four projects or phases of projects with total completed GFA of 241,869 sq.m., and saleable GFA of 206,736 sq.m.. As at 30 June 2011, the total contracted GFA pre-sold/sold reached 162,986 sq.m., representing a pre-sale/sale rate of 78.8%.

Projects	**Total GFA completed** *(sq.m.)*	**Saleable GFA** *(sq.m.)*	**Pre-sold/ sold GFA** *(sq.m.)*
One City (Zhengzhou) (鄭州壹號城邦)	109,059	103,453	65,038
U-Town (Zhengzhou) Phase VII	107,485	97,263	92,259
Forest Peninsula (Anyang) Villa	6,020	6,020	5,689
Shangjie Hotel	19,305	—	—
	241,869	206,736	162,986

2. *Sales schedule*

The contracted GFA sold/pre-sold by the Group during the reporting period amounted to 709,818 sq.m. with a contracted sale/pre-sale value of RMB4.53 billion, representing an increase of 140% over the same period last year.

Geographical breakdown of contracted GFA sold/pre-sold during the first half of 2011

Location	**Approximate Saleable GFA sold** *(sq.m.)*	Approximate total amount *(RMB million)*
Zhengzhou	**120,873**	1,702
Other cities in Henan Province	**588,945**	2,823
Total	**709,818**	4,525

(C) Land Reserves

In the first half of 2011, the Group acquired land reserves with a GFA of 2,070,000 sq.m. through public bidding. As at 30 June 2011, the Company owned land reserves with a GFA of 13,550,000 sq.m., and obtained the state-owned land use right certificates in respect of 10,330,000 sq.m. of such land.

II. BUSINESS OUTLOOK

(A) Market Outlook

1. Macro-economy

In the second half of 2011, we expect that government austerity macro-economic measures will be focused on controlling inflation and maintaining economic growth. Taking into consideration of the uncertainties in the prospect of the world's economy, China's central government will strike a balance between economic growth and inflation. It is expected that China's economy will maintain solid momentum with inflation under control.

The promulgation of policies in favor of the construction of the economic zone in central China, along with the construction of high-speed railways and inter-city railways, will further increase Henan's competitiveness in regional economic development. Therefore, the Company expects that the economic growth of Henan will continue to outstrip the average economic growth in China.

2. Real Estate Market

In the first half of the year, China's central government rolled out a series of austerity macroeconomic measures, imposing more pressure on China's property market. Since urbanization in China is growing steadily, short term policy adjustments will not affect long term development momentum. Therefore, there is still great potential for property development market in China.

As macro control on the property market tightened, the purchase restrictions may be extended to third-tier cities. However, Henan's property market, mainly driven by end-user demand, will be less impacted by the macro-control policies. Besides, the vast prefecture-level market of Henan is in its prime and beyond the scope of purchase restrictions. Thereby, we expect Henan to maintain its steady momentum in property development.

(B) Business Planning

In the second half of 2011, the Company will further tap into regional markets and unswervingly fulfill its management targets for the year through innovation in cost management, expedition of the construction of overall service system and improvement of the land reserve mechanism, in a bid to achieving rapid, sustained and sound development.

1. Progress of work

The Group expects to complete 29 phases/batches of projects with a GFA of 1,433,378 sq.m. in the second half of 2011.

Expected completion of construction in 2011

Project	Location	GFA (sq.m.)
Forest Peninsula (Shangjie) Phase II	East of Jinping Road, north of Xuchang Road and west of Xihua Road, Shangjie	38,401
Code International, Zhengzhou	East of Songshan Road and north of Mianfang Road, Zhengzhou	57,397
Luoyang Golf Club Phase II	South of Beiyuan, Longyang New District	113,675
Code One City (Luoyang) Phase II (first batch)	Intersection of Jiudu Road and Nanchang Road, Luoyang	64,614
Sweet-Scented Osmanthus (Pingdingshan) Phase I	West of Yuying Road and north of Longxiang Avenue, Pingdingshan	85,328
Wugang (Pingdingshan) Phase I	Southwest of Shandongtou Natural Village, Shimenguo Village, Wugang	56,300
Forest Peninsula (Anyang) Phase I	Northwest corner of the intersection of Shuguang Road and Wenchang Avenue, Anyang City	41,387
Forest Peninsula (Hebi) Phase I (high-rise)	South of Changjiang Road and west of Tianshan Road, Hebi City	16,394
Forest Peninsula (Hebi) Phase II	South of Changjiang Road and west of Tianshan Road, Hebi City	27,493
Forest Peninsula (Jiaozuo) Phase III (second and third batches)	East of Longyuan Lake, Jiaozuo	72,009
Jianye City (Puyang) Phase V	West of the north section of Jiefang Road, Puyang County	69,818
Forest Peninsula (Xuchang) Phase I	South of Xindong Street and east of Ziyun Road, Xuchang	51,294
U-Town (Shangqiu) Phase II	West of the south section of Shenhuo Avenue, Shangqiu	24,212
U-Town (Shangqiu) Phase III	West of the south section of Shenhuo Avenue, Shangqiu	34,320

Forest Peninsula (Zhoukou) Phase II	West of Donghuan Road and north of Binhe Road, Zhoukou	72,577
Forest Peninsula (Zhoukou) Phase III (multi-storey)	West of Donghuan Road and north of Binhe Road, Zhoukou	13,168
Forest Peninsula (Nanyang) Phase I	North of State Highway 312	137,685
Forest Peninsula (Xinyang) Phase IV (medium- and high-rise) (信陽森林半島四期(小高層))	Nanwan Administrative Area, Xinyang City	13,349
South Lake No. 1, Xinyang (信陽南湖壹號)	Shangba Road, Nanwan Administrative Area, Xinyang City	55,870
Zhengkai Forest Peninsula Phase IV	Adjacent to Majiahe River, south of Zhengkai Avenue	17,155
Zhengkai Forest Peninsula Phase V	Adjacent to Majiahe River, south of Zhengkai Avenue	24,205
Zhengkai Forest Peninsula Phase VII	Adjacent to Majiahe River, south of Zhengkai Avenue	31,685
Kaifeng Water System 3-4#	Wanshan Street, Gulou District, Kaifeng City	19,113
Forest Peninsula (Xinxiang Golden Dragon) 3#5#	East of Xinfei Avenue and north of Nanerhuan Road, Xinxiang	21,805
U-Town (Xinxiang) Phase I	North of Xinchang and west of Zhenzhong Road, Xiaodian Town, Xinxiang	87,624
Business Yuzhou Shenhou Project (商業禹州神垕)	Yuzhou Town, Xuchang City	30,823
Landmark Hotel	South of Jinying Road and west of State Highway 107, Zhengzhou	65,436
Nanyang Holiday Hotel	North of State Highway 312	49,800
Luohe Fupeng Hotel	West of Songshan West Road, Luohe	40,441
Total		1,433,378

III. FINANCIAL ANALYSIS

Profit for the period: Profit attributable to the equity shareholders of the Group increased by 30.6% to RMB322 million from RMB246 million for the same period last year, mainly attributable to the increase in turnover for the period.

Turnover: The Group's turnover increased from RMB1,480 million to RMB2,529 million, representing an increase of approximately 70.9% as compared with the same period of 2010. The increase in turnover was mainly attributable to an increase in the average selling price of properties sold to customers of the Group from RMB4,268 per sq.m. to RMB8,646 per sq.m. in the corresponding period in 2010.

Gross profit margin: Gross profit margin was 45.6%, a 8.5 percentage point increase as compared with 37.1% for the same period of 2010, which was mainly due to higher average selling price of properties sold to customers of the Group in the first half of 2011.

Other revenue: Other revenue from operations increased by RMB16 million from RMB13 million to RMB29 million, attributable primarily to an increase in interest income.

Other net (loss)/income: Other net loss of RMB13 million for the period was primarily attributable to the unrealised mark-to-market loss incurred by trading securities, offset by the exchange gain arising from loans denominated in foreign currencies.

Selling and marketing expenses: Selling expenses increased from RMB60 million to RMB72 million, an increase of RMB12 million, which was in line with the expansion of new projects.

General and administrative expenses: General and administrative expenses increased from RMB78 million to RMB97 million, an increase of 23.6%, mainly due to expansion of the Group's operations.

Share of losses of associates: Amount mainly represented the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited.

Share of losses of jointly controlled entities: Amount represented share of losses of jointly controlled entities where expenses were incurred at their early stages of operations.

Finance costs: Finance costs increased from RMB50 million to RMB131 million, mainly due to higher interest rates and the issuance of senior notes in October 2010.

Income tax: Income tax includes corporate income tax ("CIT"), land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC entity. The Group's income tax increased significantly to RMB489 million from RMB114 million, representing an increase of RMB375 million. Effective tax rate increased from 30.9% to 59.6%, which is mainly due to a change in taxation computation method for CIT and LAT from the authorised taxation method to audited taxation method and the comparatively high appreciation rate of certain projects of the Group. Excluding LAT, the effective tax rate of the Group was 27.3% (30 June 2010: 20.8%)

Financial resources and utilisation: As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB3,540 million (31 December 2010: RMB3,370 million). During the reporting period, the Group distributed a dividend of RMB163 million (31 December 2010: RMB118 million) in relation to profit attributable to the year ended 31 December 2010.

Pledge of assets: As at 30 June 2011, the Group had pledged certain buildings, projects under construction, and properties for sales with an aggregate carrying amount of RMB2,464 million to secure the Group's credit facilities.

Financial guarantees: As at 30 June 2011, the Group provided guarantees of approximately RMB3,863 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 2011, the Group had contractual commitments in respect of properties development activities amounting to RMB1,641 million and the Group had authorised, but not yet contracted for, a further RMB16,584 million in expenditure in respect of property development.

EQUITY FUNDING

The Group completed its capital raising through rights issue in June 2011. The basis of the rights issue was 21.4 rights shares for every 100 existing shares. A total of 428,000,000 rights shares were issued, raising net proceeds of approximately HK$718 million. The rights issue arrangement effectively enhanced the capital base of the Company and strengthened its financial position thus enabling the Group to strategically expand its land bank and increase its general working capital for future business development.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the total number of employees of the Group was 1,359 (31 December 2010: 1,218). 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 who are independent non-executive Directors and Mr. Leow Juan Thong Jason who is a non-executive Director.

The Audit Committee has reviewed the interim financial report of the Company for the six months ended 30 June 2011 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. The principal responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and member of senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the share option scheme adopted by the Company.

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 six months ended 30 June 2011.

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 six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2011, 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 2011 (six months ended 30 June 2010: Nil).

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES 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 2011 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, 26 August 2011

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 (alias Li Hua) 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*