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 2013

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 June 2013 amounted to RMB3,050 million, an increase of 0.8% compared with the corresponding period in 2012.
- Gross profit margin for the period was 36.3%, as compared with 35.8% for the corresponding period in 2012.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB357 million, an increase of 7.5% compared with the corresponding period in 2012.
- Net profit margin for the period was 13.1%, as compared with 11.5% for the corresponding period in 2012.
- Basic earnings per share for the period was RMB14.65 cents, an increase of 7.2% compared with the corresponding period in 2012.
- An interim dividend of HK5.2 cents (equivalent to RMB4.1 cents) per share was declared for the six months ended 30 June 2013 (2012: HK$4.5 cents (equivalent to RMB3.7 cents) per share).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors" and each a "Director") of Central China Real Estate Limited (the "Company", "Central China" or "CCRE") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013, together with the relevant comparative figures in 2012 as follows:

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2013 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Turnover	*4*	**3,049,600**	3,025,421
Cost of sales		**(1,942,390)**	(1,942,002)
Gross profit		**1,107,210**	1,083,419
Other revenue	*5*	**55,923**	62,641
Other net income/(loss)	*5*	**168,789**	(7,342)
Selling and marketing expenses		**(114,935)**	(93,439)
General and administrative expenses		**(213,074)**	(147,038)
Other operating income/(expenses)		**26,782**	(3,646)
		1,030,695	894,595
Share of losses of associates		**(1,750)**	(1,405)
Share of profits less losses of joint ventures		**163,504**	(8,698)
Finance costs	*6(a)*	**(441,212)**	(116,181)
Profit before change in fair value of investment properties and income tax		**751,237**	768,311
Net increase in fair value of investment properties		**3,222**	9,952
Profit before taxation	*6*	**754,459**	778,263
Income tax	*7*	**(355,892)**	(429,707)
Profit for the period		**398,567**	348,556
Attributable to:			
Equity shareholders of the Company		**356,526**	331,598
Non-controlling interests		**42,041**	16,958
Profit for the period		**398,567**	348,556
Earnings per share	*8*		
— Basis *(RMB cents)*		**14.65**	13.66
— Diluted *(RMB cents)*		**14.63**	11.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2013 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period	**398,567**	348,556
Other comprehensive income for the period		
Item that will not be reclassified to profit or loss:		
— Revaluation gain on property, plant and equipment	**–**	6,479
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**5,209**	(44,639)
— Cash flow hedge:		
— effective portion of changes in fair value	**(36,567)**	–
— transfer from equity to profit or loss	**42,911**	–
	11,553	(44,639)
Total other comprehensive income for the period	**11,553**	(38,160)
Total comprehensive income for the period	**410,120**	310,396
Attributable to:		
Equity shareholders of the Company	**369,591**	293,583
Non-controlling interests	**40,529**	16,813
Total comprehensive income for the period	**410,120**	310,396

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013
(Expressed in Renminbi)

	Note	**At 30 June 2013 RMB'000 (unaudited)**	At 31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**1,940,665**	1,543,351
Investment properties		**349,860**	343,600
Interests in associates		**46,167**	47,917
Interests in joint ventures	*9*	**4,446,942**	5,027,993
Other financial assets		**91,800**	91,800
Deferred tax assets		**133,489**	116,602
		7,008,923	7,171,263
Current assets			
Trading securities		**81,520**	95,498
Properties for sale	*10*	**8,524,143**	7,930,205
Trade and other receivables	*11*	**766,038**	503,375
Deposits and prepayments	*12*	**4,658,027**	3,608,423
Prepaid tax		**121,578**	117,442
Restricted bank deposits		**754,031**	972,283
Cash and cash equivalents		**5,224,663**	3,949,775
		20,130,000	17,177,001
Current liabilities			
Bank loans	*13*	**569,780**	675,000
Other loans	*14*	**362,846**	739,702
Trade and other payables and accruals	*15*	**9,761,478**	8,218,322
Receipts in advance		**2,200,157**	2,759,207
Tax payable		**997,386**	1,121,817
		13,891,647	13,514,048
Net current assets		**6,238,353**	3,662,953
Total assets less current liabilities		**13,247,276**	10,834,216

	Note	At **30 June 2013** ***RMB'000*** ***(unaudited)***	At 31 December 2012 *RMB'000* *(audited)*
Non-current liabilities			
Bank loans	*13*	**1,203,000**	921,500
Other loans	*14*	**917,880**	915,980
Convertible bonds	*16*	**612,453**	587,533
Senior notes	*17*	**4,507,411**	2,730,589
Deferred tax liabilities		**56,044**	55,404
		7,296,788	5,211,006
NET ASSETS		**5,950,488**	5,623,210
CAPITAL AND RESERVES			
Share capital		**215,637**	215,285
Reserves		**5,162,513**	4,954,376
Total equity attributable to equity shareholders of the Company		**5,378,150**	5,169,661
Non-controlling interests		**572,338**	453,549
TOTAL EQUITY		**5,950,488**	5,623,210

NOTES:

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy change that is expected to be reflected in the 2013 annual financial statements. Details of this change in accounting policy are set out in note 2.

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 Central China Real Estate Limited (the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group") since the 2012 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 Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim financial report to be sent to shareholders. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2013.

2 CHANGE IN ACCOUNTING POLICY

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

- Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 11, Joint arrangements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement
- Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

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

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this interim financial report has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements, relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation — Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments:Presentation, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

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.

(c) Geographic information

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

4 TURNOVER

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Income from sales of properties	**3,016,818**	3,014,540
Rental income	**11,118**	10,881
Income from hotel operations	**21,664**	–
	3,049,600	3,025,421

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Other revenue		
Interest income	**53,767**	61,230
Dividend income from equity securities	**1,406**	1,411
Others	**750**	–
	55,923	62,641
Other net income/(loss)		
Net exchange gain/(loss)	**22,786**	(14,450)
Net unrealised (loss)/gain on trading securities	**(12,632)**	5,379
Gain on deemed disposal of a subsidiary	**–**	1,640
Gain on disposal of subsidiaries *(note)*	**145,134**	–
Loss on acquisition of further interest in a joint venture	**(1,347)**	–
Net gain on disposal of property, plant and equipment	**14,627**	58
Compensation from contractors	**221**	31
	168,789	(7,342)

Note: On 17 June 2013, the Group entered into an equity restructuring agreement with non-controlling interests, to acquire additional interests in two subsidiaries and to dispose all the Group's interests in another two subsidiaries. The transactions were completed by 30 June 2013.

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**59,669**	55,437
Interest on other loans	**67,791**	88,651
Interest on convertible bonds	**47,313**	26,952
Interest on senior notes	**220,554**	139,851
Other ancillary borrowing costs	**2,136**	5,590
	397,463	316,481
Less: Borrowing costs capitalised	**(193,626)**	(147,162)
	203,837	169,319
Net change in fair value of derivatives embedded to convertible bonds	**–**	(52,414)
Net change in fair value of derivatives embedded to senior notes	**(6,531)**	(724)
Loss on early redemption of senior notes *(note 17(a))*	**243,906**	–
	441,212	116,181
(b) Other item		
Depreciation and amortisation	**34,135**	15,239

7 INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**253,077**	229,217
PRC Land Appreciation Tax		
— Provision for the period	**195,345**	196,042
— Over-provision in prior periods	**(89,119)**	–
Withholding tax	**12,764**	31,411
	372,067	456,670
Deferred tax		
Revaluation of properties	**640**	2,151
PRC Land Appreciation Tax	**(16,815)**	(29,114)
	(16,175)	(26,963)
	355,892	429,707

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

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

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

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

Certain PRC subsidiaries were subjected to CIT calculated based on the deemed profit which represents 10% to 15% (six months ended 30 June 2012: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (six months ended 30 June 2012: 25%) on the deemed profit. Other PRC subsidiaries, which were subjected to the audited taxation method, were charged CIT at a rate of 25% (six months ended 30 June 2012: 25%) on the estimated assessable profits for the 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 subjected to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subjected to LAT which is calculated based on 1.5% to 4.5% (six months ended 30 June 2012: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

(e) Withholding tax

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB356,526,000 (six months ended 30 June 2012: RMB331,598,000) and the weighted average of 2,433,298,000 shares (six months ended 30 June 2012: 2,428,000,000 shares) in issue during the interim period.

(b) Diluted earnings per share

For the period ended 30 June 2013, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB356,526,000 (six months ended 30 June 2012: RMB306,136,000) and the weighted average number of ordinary shares of 2,437,467,000 shares (six months ended 30 June 2012: 2,684,367,000 shares), calculated as follows:

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit attributable to equity shareholders	**356,526**	331,598
After tax effect of effective interest on the liability component of convertible bonds	**–**	26,952
After tax effect of gain recognised on derivatives embedded to convertible bonds	**–**	(52,414)
Profit attributable to equity shareholders (diluted)	**356,526**	306,136

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

	Six months ended 30 June	
	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 30 June	**2,433,298**	2,428,000
Effect of conversion of convertible bonds	**–**	256,367
Effect of exercise of share options	**4,169**	–
Weighted average number of ordinary shares at 30 June (diluted)	**2,437,467**	2,684,367

The Company's convertible bonds and warrants as at 30 June 2013 and the Company's share option and warrants as at 30 June 2012 do not give rise to any dilution effect to the earnings per share.

9 INTERESTS IN JOINT VENTURES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Share of net assets	**3,665,366**	3,650,135
Amounts due from joint ventures	**781,576**	1,377,858
	4,446,942	5,027,993

Amounts due from joint ventures, except for an amount of RMB85,914,000 (31 December 2012: RMB651,839,000) which is interest bearing at 7.56% (31 December 2012: 7.56%) per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

10 PROPERTIES FOR SALE

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Properties held for future development and under development for sale	**7,273,093**	6,320,207
Completed properties held for sale	**1,251,050**	1,609,998
	8,524,143	7,930,205

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Bills receivables *(note (a))*	**34,560**	7,200
Trade receivables *(note (a))*	**12,032**	20,134
Other receivables	**263,986**	133,223
Amounts due from related companies *(note (b))*	**289,437**	223,053
Amounts due from non-controlling interests *(note (c))*	**121,738**	33,301
Loans to non-controlling interests *(note (d))*	**–**	20,000
Gross amounts due from customers for contract work	**14,085**	14,085
Derivative financial instruments		
— held as cash flow hedging instrument *(note 17(b))*	**–**	17,267
— other derivatives *(notes 17(a), 17(c) and 17(d))*	**30,200**	35,112
	766,038	503,375

Notes:

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

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Current	**44,113**	12,347
Less than 1 month overdue	**192**	172
1 to less than 3 months overdue	**372**	130
3 to less than 6 months overdue	**502**	384
6 months to less than 1 year overdue	**318**	592
More than 1 year overdue	**1,095**	13,709
	46,592	27,334

In respect of trade receivables of mortgage sales, no credit terms are granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the properties and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the date of grant of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificates.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the buyers' deposit, take over the ownership of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual property ownership certificates for these buyers until full payments are received. Sales and marketing 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.

(b) The amount due from a related company of RMB39,015,000 (31 December 2012: RMB39,015,000) is in relation to sales of properties to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company, in previous years. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB164,620,000 (31 December 2012: RMB101,384,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,770,000 (31 December 2012: RMB77,700,000) represents the management fee paid on behalf of the trust manager of jointly controlled entities, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) The amounts due from non-controlling interests included amounts of RMB15,300,000 (31 December 2012: RMB15,300,000) and RMB17,001,000 (31 December 2012: RMB17,001,000), which are secured by the equity interests of PRC subsidiaries that owned by non-controlling interests, interest-free and recoverable within one year. The remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(d) At 31 December 2012, the loan to non-controlling interests was unsecured, interest-bearing at 13.5% per annum and fully recovered during the period.

12 DEPOSITS AND PREPAYMENTS

At 30 June 2013, the balance included deposits and prepayments for leasehold land of RMB4,227,492,000 (31 December 2012: RMB3,245,434,000).

13 BANK LOANS

(a) At 30 June 2013, bank loans were repayable as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 year or on demand	**569,780**	675,000
After 1 year but within 2 years	**590,000**	412,000
After 2 years but within 5 years	**313,000**	447,500
After 5 years	**300,000**	62,000
	1,203,000	921,500
	1,772,780	1,596,500

(b) At 30 June 2013, bank loans were secured as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Bank loans		
— secured	**1,712,780**	1,501,500
— unsecured	**60,000**	95,000
	1,772,780	1,596,500

At 30 June 2013, assets of the Group secured against bank loans are analysed as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Properties for sale	**1,944,142**	2,458,824
Restricted bank deposits	**–**	106,951
Property, plant and equipment	**959,790**	683,743
	2,903,932	3,249,518

14 OTHER LOANS

(a) At 30 June 2013, other loans were repayable as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 year	**362,846**	739,702
After 1 year but within 2 years	**917,880**	868,980
After 2 years but within 5 years	**–**	47,000
	917,880	915,980
	1,280,726	1,655,682

(b) At 30 June 2013, other loans were secured as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Other loans		
— secured	**539,900**	979,000
— unsecured	**740,826**	676,682
	1,280,726	1,655,682

At 30 June 2013, assets of the Group secured against other loans are analysed as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Properties for sales	**8,690**	267,917
Property, plant and equipment	**270,485**	285,840
	279,175	553,757

15 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Bills payable *(note (a))*	**507,978**	636,268
Trade payables *(note (a))*	**2,402,110**	2,575,938
Other payables and accruals	**659,562**	755,890
Amounts due to joint ventures *(note (b))*	**5,901,054**	4,012,191
Amounts due to non-controlling interests *(note (b))*	**271,474**	238,035
Derivative financial instruments		
— held as cash flow hedging instrument *(note 17(b))*	**19,300**	–
	9,761,478	8,218,322

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

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Due within 1 month or on demand	**2,635,317**	2,927,942
Due after 1 year	**274,771**	284,264
	2,910,088	3,212,206

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

16 CONVERTIBLE BONDS

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

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

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

In addition to the above, the Company and the holders of the convertible bonds may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 at a pre-determined redemption prices.

In November 2012, one of the holders exercised its redemption option to early redeem the convertible bonds with principal amount of HK$78,000,000, and surrendered its 7,758,967 warrants. In addition, the terms of the convertible bonds have been modified as follows:

— remove the early redemption rights of the holders and Company;

— when the convertible bonds matured, a gross yield (8% per annum from date of issuance to 31 August 2012 and 10.5% per annum from 1 September 2012 to maturity date) on an annual compounding basis guaranteed to the holders; and

— adjustment on certain financial covenants.

As a result, the liability component of convertible bonds, which is to be matured in 2014, of RMB612,453,000 (31 December 2012: RMB587,533,000) has been classified as non-current liability in the Group's consolidated statement of financial position at 30 June 2013.

17 SENIOR NOTES

Liability component of the senior notes

	At **30 June** **2013** ***RMB'000***	At 31 December 2012 *RMB'000*
US$300m Senior Notes *(note (a))*	**–**	1,843,725
SGD175m Senior Notes *(note (b))*	**832,013**	886,864
US$200m Senior Notes *(note (c))*	**1,226,786**	–
US$400m Senior Notes *(note (d))*	**2,448,612**	–
	4,507,411	2,730,589

(a) On 20 October 2010, the Company issued senior notes with principal amount of US$300,000,000 due in 2015 ("US$300m 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 pre-determined redemption price. In addition, at any time prior to 20 October 2013, the company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

In June 2013, the Company early redeemed US$300m Senior Notes in whole. Net loss on the redemption of RMB243,906,000 *(note 6(a))* was recognised in profit or loss during the period.

(b) On 11 April 2012, the Company issued another senior notes with principal amount of SGD175,000,000 due in 2016 ("SGD175m Senior Notes"). The senior notes are interest bearing at 10.75% per annum and payable semi-annually in arrears. The maturity date of the senior notes is 18 April 2016. At any time prior to 18 April 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD175m Senior Notes by swapping the SGD175m Senior Notes principal of SGD175 million into US$137 million. The aggregate national principal amounts of the foreign exchange rate swap contract is SGD175,000,000 and the contract will be matured on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of each reporting period as derivative financial instrument in accordance with the Group's accounting policy.

(c) On 21 January 2013, the Company issued senior notes with principal amount of US$200,000,000 due in 2020 ("US$200m Senior Notes"). US$200m Senior Notes are interest bearing at 8% per annum and payable semi-annually in arrears. The maturity date of US$200m Senior Notes is 28 January 2020. At any time and from time to time on or after 28 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 28 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(d) On 22 May 2013, the Company issued senior notes with principal amount of US$400,000,000 due in 2018 ("US$400m Senior Notes"). US$400m Senior Notes are interest bearing at 6.5% per annum and payable semi-annually in arrears. The maturity date of US$400m Senior Notes is 4 June 2018. At any time and from time to time on or after 4 June 2016, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 4 June 2016, the company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

18 DIVIDENDS

Dividends

Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interim dividend proposed after the interim period of HK$5.2 cents (equivalent to RMB4.1 cents) (six months ended 30 June 2012: HK$4.5 cents (equivalent to RMB3.7 cents) per ordinary share	**100,000**	89,705

The interim dividend proposed after interim period has not been recognised as a liability at the end of the reporting period.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report are as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Properties under development undertaken by the Group		
Authorised but not contracted for	**15,553,640**	16,155,114
Contracted but not provided for	**3,080,774**	2,993,503
	18,634,414	19,148,617

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Properties under development undertaken by joint ventures attributable to the Group		
Authorised but not contracted for	**1,235,876**	939,209
Contracted but not provided for	**729,906**	344,308
	1,965,782	1,283,517

20 CONTINGENT LIABILITIES

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

The Group and joint ventures provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the date of grant of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2013 are as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**4,498,809**	5,369,372
— the joint ventures' properties (the Group's shared portion)	**977,702**	724,371
	5,476,511	6,093,743

The Directors do not consider it probable that the Group and joint ventures will sustain a loss under these guarantees during the period under guarantee as the Group and joint ventures have not applied for individual property ownership certificates for these buyers and can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group/joint ventures to the banks. The Group and joint ventures have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group and joint ventures in the event that the buyers default payments to the banks.

(b) Guarantees given to financial institutions for a bank loan granted to a joint venture:

The Group provided guarantees to a bank loan of a joint venture amounting to RMB590,000,000 as at 30 June 2013 (31 December 2012: RMBNil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF OPERATIONS

(I) Market and Operations Review

(1) The macro-economic environment

During the first half of 2013, the global economy sustained a trend of slow growth as economic conditions at home and abroad remained intricate. The Chinese macro-economy sustained overall stability as the government sought to secure growth, adjust economic structures and drive transformation. For the first six months of 2013, China's GDP amounted to RMB24.80 trillion, representing a year-on-year growth of 7.6%.

Following the elevation of Central China Economic Zone development to the status of a national policy, Henan welcomed another significant boost in policy terms, as Zhengzhou Aviation Port Zone was announced the first national-grade pioneer aviation port economic development zone in March 2013. For the first six months of 2013, Henan recorded GDP of RMB1.46 trillion, representing a year-on-year growth of 8.4%, which was 0.8 percentage point above the national growth rate.

(2) The property market

Property price growth in key Chinese cities, comprising mainly the tier-one cities, further accelerated in early 2013 which in turn drove up property prices across the nation. To procure stable and healthy development of the property market, the central government announced on 20 February 2013 the "Five Measures of the State Council", which saw growth of the 100-City Home Price Index shrinking period-on-period in the second quarter. For the first six months of 2013, sales of commodity housing in the nationwide property market amounted to RMB3,337.6 billion, representing a year-on-year growth of 43.2%.

As the principal market for the Company's business development, the Henan property market again outperformed the national average level against ongoing government regulatory measures, indicating a robust housing demand from end-users. For the first six months of 2013, sales of commodity housing in Henan amounted to RMB108.9 billion, representing a year-on-year growth of 50.1%, which was 6.9 percentage points above the national growth rate.

(II) Project Development

During the reporting period, the Company secured stable growth in results by adopting an innovative marketing approach, while advancing product innovation by creating a platform for product research and development. The sound results were also attributable to our measures to improve the incentive mechanism and accelerate turnover. During the reporting period, the Company acted with precision to control its development plans and schedules in tandem with the economic cycle, as it commenced projects with an aggregate GFA of 673,839 sq.m. and completed projects with an aggregate GFA of 871,251 sq.m., while completing sale/pre-sale of projects with an aggregate GFA of 907,587 sq.m. for a total amount of RMB6.17 billion, representing an increase of 20% as compared to the same period last year.

(1) Development schedule

During the reporting period, the Company commenced construction of 9 projects/phases with newly commenced GFA of 673,839 sq.m., which represented slight adjustments of the plan set out at the beginning of the year in relation to the pace of project development mainly in response to market situations.

Geographical breakdown of newly commenced projects for the first six months of 2013

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	–
Other cities in Henan Province	673,839
Total	**673,839**

As at 30 June 2013, the Company had 27 projects/phases under development with total GFA of approximately 3,096,782 sq.m., including 4 projects/phases in Zhengzhou and 23 projects/phases in other cities of Henan.

Geographical breakdown of projects under development as at 30 June 2013

Location	**GFA under development** *(sq.m.)*
Zhengzhou	459,693
Other cities in Henan Province	2,637,089
Total	**3,096,782**

During the reporting period, the Company completed 12 projects/phases with total completed GFA of 871,251 sq.m., representing a sales ratio of 79%.

City	**Development Project**	**Total GFA completed** *(sq.m.)*	**Saleable GFA** *(sq.m.)*	**Pre-sold/ sold GFA** *(sq.m.)*
Zhengzhou	Forest Peninsula (Shangjie) Phase III	8,479	8,464	6,182
Hebi	Forest Peninsula Phase III	30,512	30,512	29,501
Xinxiang	Code One City Phase I	109,047	106,964	85,912
Puyang	Jianye City Phase VI	86,402	83,676	68,222
Xuchang	Forest Peninsula Phase II	97,236	95,387	59,344
Shangqiu	U-Town Phase V	40,721	40,721	39,655
Zhoukou	Jianye Forest Peninsula Phase III	68,415	68,415	64,486
Nanyang	Forest Peninsula Phase II	95,818	95,818	80,511
Xinyang	South Lake No. 1	54,908	54,908	25,559
Luoyang	Jianye Triumph Plaza *(Note)*	203,430	20,979	20,593
Zhengzhou	Five Building Phase I Block BD	35,842	35,842	29,937
Luohe	Central China Four Points	40,441	–	–
		871,251	**641,686**	**509,902**

Note: Approximately 180,000 sq.m. out of total GFA of 203,430 sq.m. of Jianye Triumph Plaza (Luoyang) were self-owned, resulting in the substantial difference between total GFA and saleable GFA.

(2) Sales schedule

The aggregate GFA sold/pre-sold by the Group during the reporting period was 907,587 sq.m., with an aggregate amount of RMB6.17 billion received from sale/pre-sale, representing an increase of 20% over the same period last year.

Location	**Approximate saleable GFA sold** *(sq.m.)*	**Approximate total amount** *(RMB'000)*
Zhengzhou	120,320	1,648,560
Other cities in Henan Province	787,267	4,521,800
Total	**907,587**	**6,170,360**

(III) Land reserves

During the reporting period, the Company acquired land reserves with a GFA of 0.27 million sq.m. through equity acquisition and land reserves with a GFA of 2.29 million sq.m. through public auction. As at 30 June 2013, the Company had land reserves with a total GFA of 17.07 million sq.m., and obtained the state-owned land use right certificates in respect of sites with GFA of 12.26 million sq.m. Details of the land acquisitions of the Group through public land auctions and equity acquisition during the reporting period are set out as follows:

1. Public Land Auction

On 18 January 2013, Zhengzhou Jiandong Zhiye Company Limited* (鄭州建東置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the south of Jicheng Road and the north of Shangde Street in Zhengzhou in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB100.40 million. The land parcel has a site area of 13,159 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0.

On 25 January 2013, Yuzhou New Plaza Construction & Development Company Limited* (禹州新天地建設開發有限公司), a 75%-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north and south of Jianshe Road and the east of Hougong Road in Shenhou Town, Yuzhou City in a listing for sale process held by Yuzhou City Land and Resources Bureau* (禹州市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB4.10 million, RMB0.70 million and RMB5 million, respectively. Land parcel No. (2012)041 has a site area of 2,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5; land parcel No. (2012)042 has a site area of 475 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5; land parcel No. (2012)043 has a site area of 3,471 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5.

On 1 February 2013, Central China Tihome (Henan) Real Estate Company Limited* (河南建業泰宏置業有限公司), a joint venture held as to 51% by the Company, acquired the land use rights of a land parcel located at the south of Ganqu South Road and both sides of Daxue South Road in Erqi District, Zhengzhou in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB703.12 million. The land parcel has a site area of 227,464 sq.m. (including 194,170 sq.m. for commodity housing and 33,294 sq.m. for the resettlement area) and a mandatory detailed planned plot ratio of not more than 3.5 for city and township residential sites and not more than 4.9 for commercial and service business sites in connection with commodity housing development; and not more than 3.75 for city and township residential sites in connection with the resettlement area.

On 27 February 2013, Shangqiu Central China Real Estate Company Limited* (商丘建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Guide Road and north of Songcheng Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB135.44 million. The land parcel has a site area of 75,245 sq.m. and a mandatory detailed planned plot ratio of 1.0-3.0.

On 20 March 2013, Anyang Central China Real Estate Company Limited* (安陽建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the junction of Wenfeng East Road and Haixing Road in Anyang City in a listing for sale process held by Anyang Public Resources Exchange Centre* (安陽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB106.14 million. The land parcel has a site area of 85,311 sq.m. and a mandatory detailed planned plot ratio of 1.5-3.0.

On 17 April 2013, Xinyang Central China Tianming Real Estate Company Limited* (信陽建業天明住宅建設有限公司), a 50%-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Ershier Avenue and north of Xinwu Road in Yangshan New District, Xinyang City in a listing for sale process held by Xinyang City Land and Resources Bureau* (信陽市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB116.18 million. The land parcel has a site area of 61,471 sq.m. and a mandatory detailed planned plot ratio of 2.2–2.8.

On 22 April 2013, Jiyuan Central China Real Estate Company Limited* (濟源建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the northwestern end of the junction of Jidu Avenue and Wenchang Road in Jiyuan City in a listing for sale process held by Jiyuan City Land and Resources Bureau* (濟源市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB90 million and RMB100.69 million, respectively. Land parcel No. 2013–06 has a site area of 66,667 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2; land parcel No. 2013–07 has a site area of 74,582 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2.

On 26 April 2013, Yanshi Central China Real Estate Company Limited* (偃師建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the east of Yingbin Road, south of Nanjing Road and west of Wenhua Road in Yanshi City in a listing for sale process held by Yanshi City Land and Resources Bureau* (偃師市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB47.42 million and RMB60.57 million, respectively. Land parcel No. 2013–06 has a site area of 35,126.01 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0; land parcel No. 2013–07 has a site area of 44,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 18 June 2013, Xiping Central China Real Estate Company Limited* (西平建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north of Zhongcheng Avenue, south of Weilai Avenue, west of Xuesong Road and east of Zijing Road in Xixin District, Xiping County in a listing for sale process held by Xiping County Public Resources Exchange Centre* (西平縣公共資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB64.12 million, RMB55.95 million and RMB77 million, respectively. Land parcel No. XP–2013–1 has a site area of 44,556 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP–2013–2 has a site area of 48,849 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP–2013–3 has a site area of 66,664 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0.

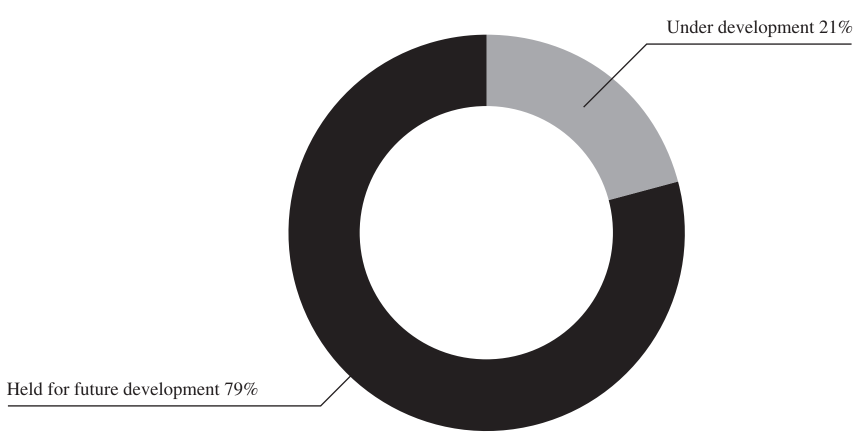
2. *Equity acquisition*

On 3 April 2013, the Company entered into an investment cooperation agreement with Xuchang Hengda Real Estate Group Limited* (許昌恒達房地產集團有限公司) to acquire 60% equity interest in Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) for a consideration of RMB360 million. Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) owns the land use rights of a land parcel located at the west of Huayuan Road and north of Longke Road in Jinshui District, Zhengzhou City with a site area of 34,176 sq.m. and a mandatory detailed planned plot ratio of not more than 5.5.

3. *Distribution of land reserves*

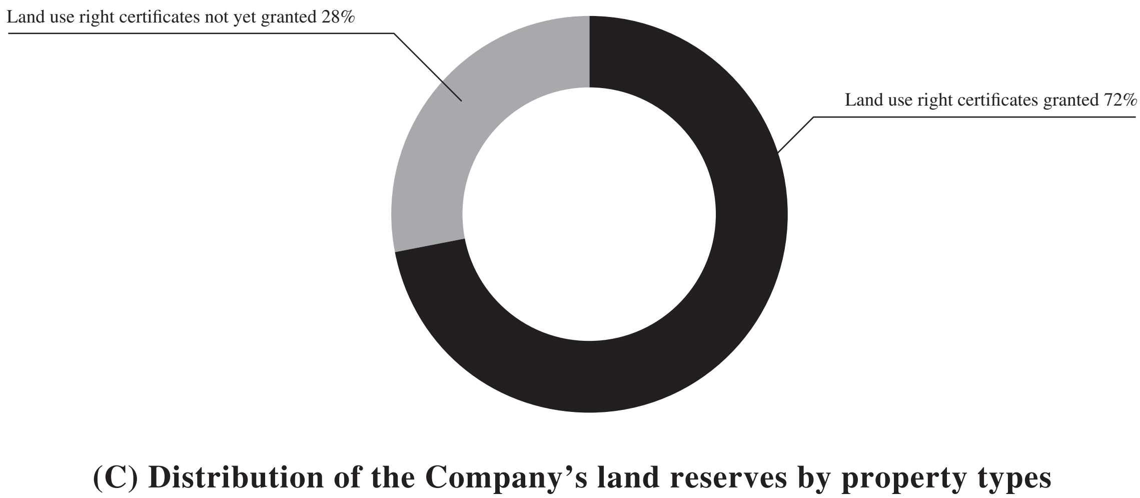
(A) Distribution of the Company's land reserves by current development status

Fig: percentage of land under development and land held for future development to the Company's land reserves (as at 30 June 2013)



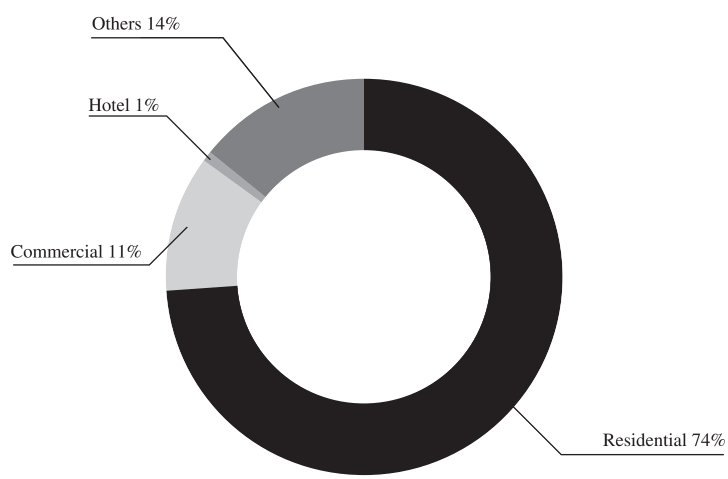
(B) Distribution of the Company's land reserves by land use right certificates

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 30 June 2013)



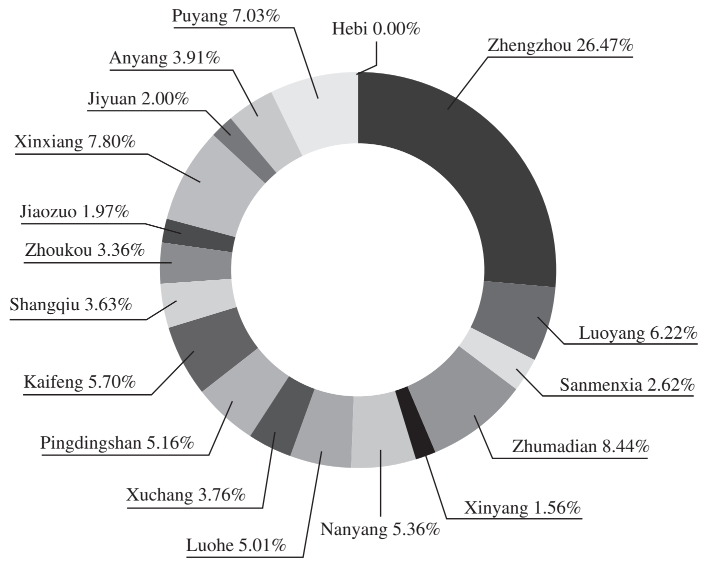
(C) Distribution of the Company's land reserves by property types

Fig: Distribution of property types (as at 30 June 2013)



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

Fig: Distribution of the Company's land reserves by cities (as at 30 June 2013)



(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we continued to enhance product quality and customer satisfaction through refined designs and conduct the design and building of fully-furbished houses with searching efforts. With our fast-growing presence in county-level cities, strong efforts were also being put in the research and development of products for the county-level market. Meanwhile, we continued to drive the research and development of our fourth-generation products and urban complex products in a manner compatible with the actual progress of our projects. Last but not least, green architecture was implemented throughout the Province according to a planned schedule.

Architectural design

At Central China, we aim at "providing spotless products and first-rate services to customer". In-depth inquiries are being made to find out how customers feel about the four principal CCRE product lines of sophisticated housing, with a particular focus on any special concerns arising from their experience with our products. Detailed quality upgrade programmes are being formulated and implemented with full force, showing our care for customers through our attention to details in a bid to effectively enhance customers' experience of our product quality.

Serialisation and standardisation

Under the general principles of serialisation, standardisation and commercialisation, we continued to accelerate the extensive local implementation of product serialisation and standardisation during the reporting period, assisted by stringent control over the local implementation process to ensure proper application of the findings of our research and development work in serialisation and standardisation, while substantiating and improving such process in response to feedback generated in actual execution to provide full assurance that the quality of our architecture and construction gets better each day.

Our efforts in new product development and construction in relation to fourth-generation CCRE products and Jianye Eighteen Cities continued to growth in depth to provide increasingly diverse product lines.

Application of green construction

The Company has long been a champion of the "green, low-carbon and energy-saving" philosophy for property development, as underscored by its relentless efforts to drive the research and implementation of green architecture and fully-furbished houses.

The Company's green architecture programme has enjoyed a good start with Central China Code One City in Puyang obtaining the Green Mark Accreditation issued by the Ministry of Housing and Urban-Rural Development in 2012. During the reporting period, we continued to expedite the promotion of green architecture in an organised manner within the territory of Henan, as the green architecture works of 16 projects incorporating features of our projects in various cities in Henan had been reported to the Technology Division of the Henan Provincial Department of Housing and Urban-Rural Development for record, making us the most advanced company in Henan in green architecture.

The findings of CCRE's research in fully-furbished residential housing were put into in-depth application. During the reporting period, we started the practical implementation of the trial run of CCRE fully-furbished residential housing project. To support project implementation, we had created a series of technical documents which were constantly substantiated and improved during the process to take into account findings generated from practical application, so as to prepare for broader implementation in the next stage.

(V) Customer Service and Customer Relationship

During the reporting period, the Company was focused on customer satisfaction and attention to customer needs as two fundamental areas of concern. With a special emphasis on quality and creativity in services, dedicated efforts were made to increase customer satisfaction and comfort through integrated application of the Group's seven major service resources in line with the strategic aim of building a mega service regime.

In connection with service quality, the Company has designated "customer satisfaction" as the primary benchmark for appraisal and sought to enhance overall customer satisfaction with various fundamental services. In addition, the Company was also committed to improving its customer service standards and concerning itself with customers' living conditions and their feedback to the Company's services.

Through cooperation with a third-party consultant, the "Survey Report on Customer Service Requirements" was completed and a standardised "Customer Service Manual" was compiled on the basis of the findings of the report to communicate to customers services that were being provided currently and those to be provided in future, in an attempt to meet customers' requirements on all fronts.

In connection with creative services, we have started to investigate the building of an Internet-based community service platform as an important local project for the mega service regime riding on the popular applications of the Internet of Things, Mobile Internet and smart terminals. On 30 June 2013, "9617777.com" went online on a trial run basis as a website for information sharing under the mega service regime. Through this website, we aim to deliver to residents added value fostered by their own resources as well as resources available from the Company by creating a community of friends and acquaintances, provide convenient services and integrate various internal and external resources online, as a means to enhance customer satisfaction.

At the beginning of the year, the Supreme Card (至尊卡), an important vehicle for CCRE's customer service, was granted the "Payment Services Permit" by the People's Bank of China, whereby it was officially admitted into the ranks of non-financial institutions approved by the central bank for payment services. The successful application for the permit will enable the mega service regime to develop in broader extent and greater depth, thereby enriching the means of the Company's services.

In the meantime, the Company launched a "CCRE Goodwill Visit" programme for all CCRE property owners in Henan to show gratitude for their support. Owners and their families were invited for stays at CCRE's 5-star hotels to experience the 5-star services of CCRE. These initiatives represented an effective consolidation and application of external and internal resources that allowed the owners to embrace the brand new lifestyle and community aura facilitated by the mega service regime, and the Company's brand reputation was enhanced as a result.

II. BUSINESS OUTLOOK

(I) Market outlook

(1) The macro-economic environment

While economic conditions in major developed nations have improved, uncertainties remain in the global economic landscape. Confronted with complicated economic situations both at home and abroad, the Chinese government has recently emphasised that macro-economic control should function to sustain the economic growth rate within a reasonable range and avoid inflationary growth or drastic decline. As such, the Company expects stable operation of the Chinese economy for the latter half of 2013.

Recently, the Chinese government has expressly stated that the development of the central and western regions forms an important part of the optimisation of the regional structure of the Chinese economy, and that a differentiated regional economic policy will be adopted to increase the central government's fiscal support for the central and western regions. In view of the aforesaid, the Company expects stable and swift development of the Henan economy in the second half of 2013.

(2) The property market

Given the implementation of the policy of differentiated regulation of housing loans and the government's position of actively meeting reasonable loan requirements of first-time home buyers, the Company anticipates overall stability for the nationwide property market in the second half of 2013.

With the continuous implementation of favourable government policies, the advantage of Henan in regional transportation, industrial infrastructure and resources, etc will become more prominent, driving faster progress of regional industrialisation and urbanisation and in turn strengthening support for sustained growth of the property market. In view of the above, the Company expects the Henan property market to remain in stable development in the second half of 2013.

(II) Business planning

For the second half of 2013, the Company aims to attain quality large-scale growth as it seeks to enhance its servicing capabilities through the building of the mega service regime and bolster its core strengths by increasing value-added utilisation of land sites and adjusting its product mix under the further implementation of the Company's strategy of provincial and regional development.

(1) Construction plans

In the second half of 2013, the Group expects to commence construction of a total of 24 projects or phases, with a GFA of 2,676,226 sq.m.

Geographical breakdown of commencement of construction in the second half of 2013

Location	**Total GFA** *(sq.m.)*	**Percentage** *(%)*
Zhengzhou	763,989	29%
Other cities in Henan Province	1,912,237	71%
Total	**2,676,226**	**100%**

(2) Completion plan

The Group expects to complete 19 projects (phases) with an area of 1,486,506 sq.m. completed in the second half of 2013.

City	Project	Planned area completed
Zhengzhou	Shangjie Jianye Forest Peninsula Phase III	40,856
	Code Two City Phase II	159,721
	Five Building Phase I	125,406
	Central China Jianye Le Meridien	65,436
Kaifeng	Central China Dongjing Menghua	90,000
Pingdingshan	Jianye Sweet-Scented Osmanthus Garden Phase II (Batch I)	75,111
Anyang	Central China Forest Peninsula (Tangyin) Phase I	87,237
Xinxiang	Code One City Phase I	77,742
	U-Town Phase I	86,884
	Forest Peninsula (Changyuan) Phase I	31,523
Jiaozuo	Forest Peninsula Phase IV	25,165
	Forest Peninsula (Xiuwu) Phase I	41,173
Puyang	Code One City Phase I	43,504
Luohe	Code One City Phase III	105,490
Sanmenxia	Code One City Phase I	91,213
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden Phase I	47,827
Zhumadian	Forest Peninsula (Suiping) Phase I	45,009
	Jianye Eighteen Cities Phase I	38,606
Luoyang	Zhongya Huayang Square Phase V–VI	208,603
		1,486,506

III. FINANCIAL ANALYSIS

Turnover: Our turnover increased by 0.8% to approximately RMB3,050 million for the six months ended 30 June 2013 from approximately RMB3,025 million for the same period of 2012, primarily due to an increase in average selling price of property sales and revenue from hotel operations.

- **Income from sales of properties:** Turnover from property sales increased to RMB3,017 million for the first half of 2013 from RMB3,015 million for the same period of 2012, due to an increase in average selling price to RMB5,438 per sq.m. in the first half of 2013 from approximately RMB5,234 per sq.m. for the same period of 2012, partially offset by a decrease in sold area from 575,980 sq.m. for the six months ended 30 June 2012 to 554,760 sq.m. for the six months ended 30 June 2013. The increase in average selling price was primarily the result of the change of the product mix.

- **Rental income:** Turnover from property leasing remained at approximately RMB11 million for the six months ended 30 June 2013.

- **Revenue from hotel operations:** Turnover from hotel operations was approximately RMB22 million for the six months ended 30 June 2013.

Gross profit margin: Gross profit margin was 36.3%, a 0.5 percentage point increase as compared with 35.8% for the same period of 2012, which was mainly due to higher average selling price of properties sold to customers of the Group in the first half of 2013.

Other revenue: Other revenue from operations decreased by RMB7 million from RMB63 million to RMB56 million, primarily due to a decrease in interest income from advances to related parties and third parties.

Other net income: Other net income of approximately RMB169 million for the period was primarily attributable to the gain on disposals of subsidiaries, offset by the unrealised mark-to-market loss incurred by trading securities.

Selling and marketing expenses: Selling expenses increased from RMB93 million to RMB115 million, an increase of RMB22 million, which was mainly due to the increase in new projects.

General and administrative expenses: General and administrative expenses increased from RMB147 million to RMB213 million, an increase of 44.9%, mainly due to an increase in salaries and other benefits paid to administrative staff as well as depreciation of fixed assets due to commencement of hotel operations since the second half of 2012.

Share of losses of associates: Such amount mainly represents the Group's share of losses on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited* (聖安德魯斯高爾夫俱樂部(鄭州)有限公司).

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures was a gain of approximately RMB164 million in the first half of 2013 as compared to losses of approximately RMB9 million in the same period of 2012, primarily due to the recognition of revenue of the project companies, including Henan Coal Chemical Central China Real Estate Development Investment Company Limited* (河南煤化建業房地產開發投資有限公司), Henan United New Town Real Estate Company Limited* (河南聯盟新城置業有限公司), Central China Real Estate Nanyang Company Limited* (建業住宅集團南陽置業有限公司) and Henan Yuanda Real Estate Company Limited* (河南遠達置業有限公司). The revenue of the Group's joint ventures amounted to approximately RMB1,405 million, representing sales of 170,610 sq.m. during the first half of 2013, in which revenue of RMB799 million, representing sales of 92,271 sq.m., was attributable to the Group.

Finance costs: Finance costs increased from RMB116 million to RMB441 million, mainly due to (1) the loss of RMB244 million in relation to the early redemption of the US$300,000,000 Senior Notes (as defined below) and (2) the interest expense of RMB55 million in relation to the US$200,000,000 Senior Notes (as defined below) and the US$400,000,000 Senior Notes (as defined below) issued in the first half of 2013.

Income tax: Income tax includes corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC entity. The Group's income tax decreased to RMB356 million from RMB430 million, representing a decrease of 17.2%. Effective tax rate decreased from 55.2% to 47.2%, which is mainly due to the over-provision of LAT in the prior periods.

Profit for the period: As a result of the foregoing, our profit for the six months ended 30 June 2013 increased by 14.3% to approximately RMB399 million from approximately RMB349 million for the same period in 2012.

Financial resources and utilisation: As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB5,225 million (31 December 2012: RMB3,950 million). During the reporting period, the Group distributed a dividend of RMB160 million (six months ended 30 June 2012: RMB199 million) in relation to profit for the year ended 31 December 2012.

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the six months ended 30 June 2013, we successfully issued the US$200,000,000 Senior Notes (as defined below) and the

US$400,000,000 Senior Notes (as defined below) respectively, and redeemed the US$300,000,000 Senior Notes (as defined below). As at 30 June 2013, the repayment schedule of the Group's bank and other borrowings was as follows:

	As at 30 June 2013	As at 31 December 2012
	RMB'000	*RMB'000*
Bank loans		
Within one year	**569,780**	675,000
More than one year, but not exceeding two years	**590,000**	412,000
More than two years, but not exceeding five years	**313,000**	447,500
Exceeding five years	**300,000**	62,000
	1,772,780	1,596,500
Other loans		
Within one year	**362,846**	739,702
More than one year, but not exceeding two years	**917,880**	868,980
More than two years, but not exceeding five years	**–**	47,000
	1,280,726	1,655,682
Convertible bonds		
More than one year, but not exceeding two years	**612,453**	587,533
Senior notes		
More than two years, but not exceeding five years	**3,280,625**	2,730,589
Exceeding five years	**1,226,786**	–
	4,507,411	2,730,589
Total borrowings	**8,173,370**	6,570,304
Less:		
Cash and cash equivalents	**(5,224,663)**	(3,949,775)
Restricted bank deposits secured bank loans	**–**	(106,951)
Net borrowings	**2,948,707**	2,513,578
Total equity	**5,950,488**	5,623,210
Net gearing ratio (%)	**49.6%**	44.7%

Pledge of assets: As at 30 June 2013, we had pledged certain properties for sale and property, plant and equipment with an aggregate carrying amount of approximately RMB3,183 million (31 December 2012: approximately RMB3,803 million) to secure general bank credit facilities and other loans granted to us.

Financial guarantees: As at 30 June 2013, we provided guarantees of approximately RMB5,477 million (31 December 2012: approximately RMB6,094 million) to banks in favour of buyers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures.

Capital commitment: As at 30 June 2013, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB3,811 million (31 December 2012: approximately RMB3,338 million), and we had authorised, but not yet contracted for, a further approximately RMB16,790 million (31 December 2012: approximately RMB17,094 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets and liabilities are denominated in RMB. As at 30 June 2013, our major non-RMB assets and liabilities are (i) bank deposits and convertible bonds denominated in Hong Kong dollar and (ii) the senior notes denominated in United States dollar and Singapore dollar. We are subjected to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in Hong Kong dollar, United States dollar and Singapore dollar.

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

IV. ISSUANCE OF SENIOR NOTES

On 21 January 2013, the Company issued secured senior notes due 2020 with principal amount of US$200,000,000 at a coupon rate of 8.0% per annum (the "US$200,000,000 Senior Notes") to finance new and existing property projects (including land premium), to repay existing indebtedness and for general corporate purposes.

On 22 May 2013, the Company issued secured senior notes due 2018 with principal amount of US$400,000,000 at a coupon rate of 6.5% per annum (the "US$400,000,000 Senior Notes") for the purposes of redeeming or repurchasing the US$300,000,000 Senior Notes (as defined below) in full, funding new and existing property projects (including land premium) and for general corporate purposes.

V. REDEMPTION OF US$300,000,000 SENIOR NOTES DUE 2015

The Company has redeemed all outstanding US$300,000,000 12.25% senior notes due 2015 (the "US$300,000,000 Senior Notes") in full on 21 June 2013 (the "Redemption Date") at the redemption price equal to 100% of the principal amount of the US$300,000,000 Senior Notes, which is US$300 million, plus the applicable premium of US$30 million as of, and accrued and unpaid interest of US$6 million to (but not including), the Redemption Date, totalling US$336 million. For details, please refer to the announcements of the Company dated 23 May 2013 and 24 June 2013.

VI. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had 1,640 employees (31 December 2012: 1,489 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this announcement, there was no significant labor dispute which has or may have an adverse impact on our business operation.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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. Throughout the period from 1 January 2013 to 30 June 2013, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Listing Rules with the exception of Code Provisions A.4.1 and A.6.7 as addressed below.

1. Code Provision A.4.1 — This Code Provision stipulates that all non-executive Directors should be appointed for a specific term, subject to re-election

Mr. Hu Yongmin ("Mr. Hu"), a non-executive Director, was not appointed for a specific term. Mr. Hu was nominated by an investor who subscribed for convertible bonds and warrants issued by the Company on 31 August 2009 to the Board and was appointed as a non-executive Director on 3 September 2009. No service contract was entered into between Mr. Hu and the Company and he did not and will not receive any remuneration as a non-executive Director from the Company. The said investor will continue to have the right to nominate a person to be appointed as a non-executive Director as long as it has an interest in 5% or more of the issued share capital of the Company.

Save for Mr. Hu, all other non-executive Directors and independent non-executive Directors were appointed for a specific term. Since all Directors (including Mr. Hu) are subject to re-election by shareholders of the Company at annual general meetings and at least once every three years on a rotation basis in accordance with the articles of association of the Company, the Company considers that there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

2. **Code Provision A.6.7 — This Code Provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.**

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

   Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wu Wallis (alias Li Hua), all being non-executive Directors, and Mr. Wang Shi and Mr. Xin Luo Lin, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 20 May 2013 as they were out of town for other businesses. Mr. Wang Shi subsequently resigned as an independent non-executive Director with effect from 31 July 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2013, except for the following deviations:

Model Code Provision A.3(a)

This code provision stipulates that a director must not deal in any securities of the listed issuer on any day which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results.

The Company published its annual results for the financial year ended 31 December 2012 on 25 March 2013 and therefore, the Directors were not permitted to deal in any securities of the Company during the period commencing from 24 January 2013 until 25 March 2013 (the "Black-out Period").

On 4 February 2013, each of Mr. Leow Juan Thong Jason ("Mr. Leow") (a non-executive Director) and Mr. Loh Jen Yuh Lucas Ignatius ("Mr. Loh"), the alternate director to Mr. Lim Ming Yan (a non-executive Director), purchased US$250,000 of the US$200,000,000 Senior Notes. As the US$200,000,000 Senior Notes are listed on the Singapore Exchange Securities Trading Limited and the said purchases were made within the Black-out Period, the purchases of the US$200,000,000 Senior Notes by both Mr. Leow and Mr. Loh are regarded as deviations from Model Code Provision A.3(a).

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, except for the redemption of all outstanding US$300,000,000 Senior Notes on 21 June 2013.

UPDATE ON DIRECTORS' INFORMATION

Mr. Lim Ming Yan was appointed as the president, the chief executive officer and a director of CapitaLand Limited (the shares of which are listed on the Singapore Exchange) with effect from 1 January 2013.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board declared an interim dividend of HK$5.2 cents (equivalent to RMB4.1 cents) per share for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$4.5 cents (equivalent to RMB3.7 cents) per share) to the shareholders whose names appear on the register of members on 3 October 2013 (Thursday). The dividend cum-date and ex-date will be 27 September 2013 (Friday) and 30 September 2013 (Monday) respectively, and the interim dividend will be paid to the shareholders on or about 16 October 2013 (Wednesday). To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 2 October 2013 (Wednesday). The proposed interim dividend has not been reflected in the financial statements for the six months ended 30 June 2013.

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 interim report for the six months ended 30 June 2013 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, 23 August 2013

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum 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. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Muk Kin Yau and Mr. Xin Luo Lin are independent non-executive Directors.

* *For identification purposes only*