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 2015

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2015 amounted to RMB3,894 million, an increase of 26.8% compared with the corresponding period in 2014.
- Gross profit margin for the period was 27.9%, as compared with 41.8% for the corresponding period in 2014.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB318 million, a decrease of 18.9% compared with the corresponding period in 2014.
- Net profit margin for the period was 8.2%, as compared with 13.7% for the corresponding period in 2014.
- Basic earnings per share for the period was RMB13.06 cents, a decrease of 18.9% compared with the corresponding period in 2014.

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 2015, together with the relevant comparative figures in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Thousand Yuan)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Thousand Yuan)

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

(Expressed in Renminbi Thousand Yuan)

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

	Note	At **30 June 2015** ***RMB'000*** **(unaudited)**	At 31 December 2014 *RMB'000* (audited)
Non-current liabilities			
Bank loans	*12*	**(1,816,879)**	(1,888,723)
Other loans	*13*	**(592,700)**	(890,000)
Senior notes	*15*	**(6,413,178)**	(5,368,712)
Deferred tax liabilities		**(90,641)**	(62,456)
		(8,913,398)	(8,209,891)
NET ASSETS		**6,913,057**	7,066,916
CAPITAL AND RESERVES			
Share capital		**216,312**	215,770
Reserves		**6,176,841**	6,227,392
Total equity attributable to equity shareholders of the Company		**6,393,153**	6,443,162
Non-controlling interests		**519,904**	623,754
TOTAL EQUITY		**6,913,057**	7,066,916

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 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 2014 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of Central China Real Estate Limited (the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group"). None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim financial report 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 2014 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2015.

2 SEGMENT REPORTING

(a) Services from which reportable segments derive their revenue

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

(b) Revenue from major services

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

(c) Geographic information

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

3 REVENUE

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

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

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

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

5 PROFIT BEFORE TAXATION

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

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

6 INCOME TAX

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

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

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

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

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

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% to 15% (six months ended 30 June 2014: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (six months ended 30 June 2014: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (six months ended 30 June 2014: 25%) on the estimated assessable profits for the period.

(d) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subjected to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subject to LAT which is calculated based on 1.5% to 4.5% (six months ended 30 June 2014: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB318,198,000 (six months ended 30 June 2014: RMB392,124,000) and the weighted average of 2,436,943,000 shares (six months ended 30 June 2014: 2,435,345,000 shares) in issue during the interim period.

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

(b) Diluted earnings per share

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

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

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

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

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

8 INTERESTS IN JOINT VENTURES

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

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

As at 30 June 2015, the Group's 10% equity interest in a joint venture was pledged as security of the Group's other loan of RMB7,700,000 (31 December 2014: RMBNil) (note 13) and that joint venture's other loan of RMB492,300,000 (31 December 2014: RMBNil).

9 PROPERTIES FOR SALE

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

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bills receivables *(note (a))*	**8,600**	4,857
Trade receivables *(note (a))*	**67,814**	47,942
Other receivables	**183,730**	153,536
Amounts due from related companies *(note (b))*	**524,153**	476,921
Amounts due from non-controlling interests *(note (c))*	**251,213**	255,179
Amount due from a former joint venture	**–**	10,200
Amount due from a joint venture partner *(note (d))*	**51,000**	51,000
Gross amounts due from customers for contract work	**14,085**	14,085
Derivative financial instruments *(notes 15(b), 15(c) and 15(e))*	**19,300**	7,555
	1,119,895	1,021,275

Notes:

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

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

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

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the buyers' deposit, take over the ownership of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual property ownership certificates for these buyers until full payments are received. Sales and marketing staff of the Group are delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

Based on assessment, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

(b) The amounts due from related companies included an amount of RMB39,015,000 (31 December 2014: RMB39,015,000) in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amounts are unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB366,140,000 (31 December 2014: RMB331,190,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,770,000 (31 December 2014: RMB77,770,000) represents the management fee paid on behalf of the trust manager of joint ventures, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

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

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

The remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(d) The amount due from a joint venture partner is unsecured, interest-free and has no fixed terms of repayment.

11 DEPOSITS AND PREPAYMENTS

At 30 June 2015, the balance included deposits and prepayments for leasehold land of RMB3,720,259,000 (31 December 2014: RMB3,852,648,000).

12 BANK LOANS

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

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

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

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

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

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

13 OTHER LOANS

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

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

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

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

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

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

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

14 PAYABLES AND ACCRUALS

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

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Due within 1 month or on demand	**1,941,427**	2,532,902
Due after 1 month but within 3 months	**528,002**	683,468
Due after 3 months but within 6 months	**742,907**	677,847
Due after 6 months but within 1 year	**1,010,204**	1,191,816
Due after 1 year	**834,560**	885,976
	5,057,100	5,972,009

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

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

15 SENIOR NOTES

Liability Component of the Senior Notes

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

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

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD175m Senior Notes by swapping the senior notes principal of SGD175 million into US$137 million. The aggregate national principal amounts of the foreign exchange rate swap contract is SGD175 million and the contract will be matured on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2015, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB61,323,000 (31 December 2014: RMB51,948,000) (note 14), which is measured based on market price quoted by brokers.

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

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

(d) On 15 May 2014, the Company issued senior notes with principal amount of SGD200,000,000 due in 2017 ("SGD200m Senior Notes"). The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 26 May 2017. At any time prior to 26 May 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD200m Senior Notes by swapping the senior notes principal of SGD200 million into US$160 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD200 million and the contract will mature on 26 May 2017. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2015, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB90,635,000 (31 December 2014: RMB70,626,000) (note 14) is measured based on market price quoted by brokers.

(e) On 23 April 2015, the Company issued senior notes with principal amount of US$300,000,000 due in 2021 ("US$300m Senior Notes"). The senior notes are interest bearing at 8.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 January 2021. At any time and from time to time on or after 23 January 2019, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 23 January 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

16 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

17 COMMITMENTS

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

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

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

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

18 CONTINGENT LIABILITIES

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

The Group and joint ventures provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the date of grant of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2015 are as follows:

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

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

(b) Guarantees given to financial institutions for bank loans and other loans granted to joint ventures:

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB4,621,130,000 as at 30 June 2015 (31 December 2014: RMB3,797,830,000). At the end of the reporting period, the directors do not consider it is probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMB Nil (31 December 2014: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF OPERATIONS

(I) Market and Operations Review

1. *The Macro-economic Environment*

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

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

2. *The Property Market*

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

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

(II) Project Development

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

(1) Development schedule

During the reporting period, the Company commenced construction of 10 projects/phases with newly commenced GFA of 1,085,385 sq.m., which represented slight adjustments of the plan set out at the beginning of the year, as the Company adjusted the pace of project development mainly in response to market situations.

Geographical breakdown of newly commenced projects for the first half of 2015

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

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

Geographical breakdown of projects under development as at 30 June 2015

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

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

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

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

(2) Sales Schedule

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

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

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

(III) Land Reserves

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

1. Public Land Auctions

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

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

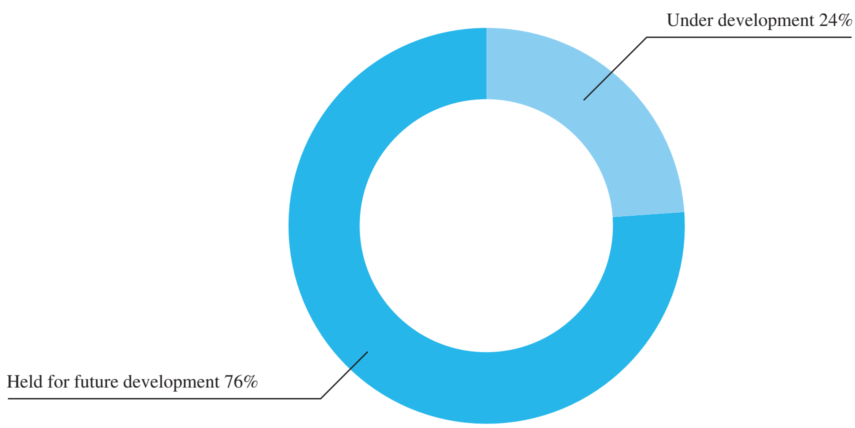
On 13 February 2015, the Group acquired the land use rights of four land parcels located at the east of Huafei Road East, the south of Xiwang Road, the north of Xiwang Road and the east of Yulin Road, Zhengzhou City in a tendering (listing) for sale process at State-owned Land Hall (國土交易大廳) held by Zhengzhou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

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

2. Distribution of land reserves

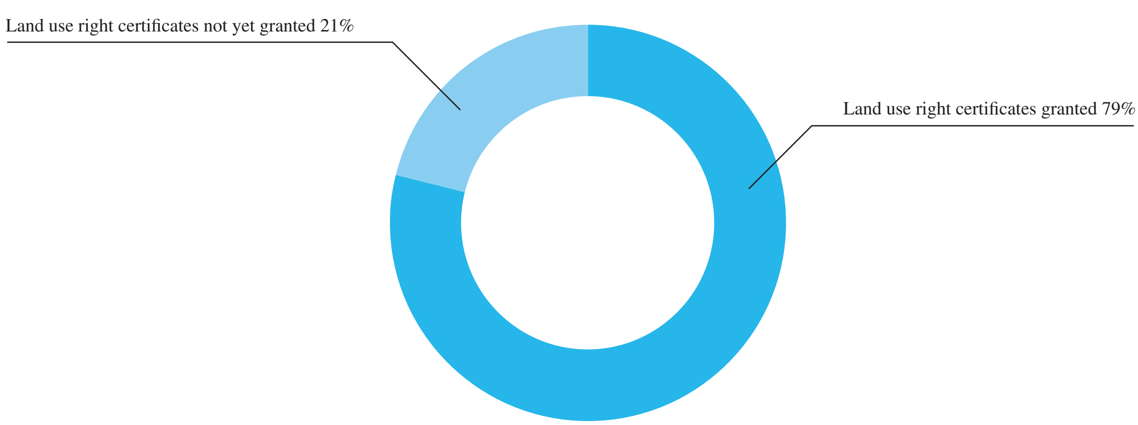
1. Distribution of the Company's land reserves by current development status

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



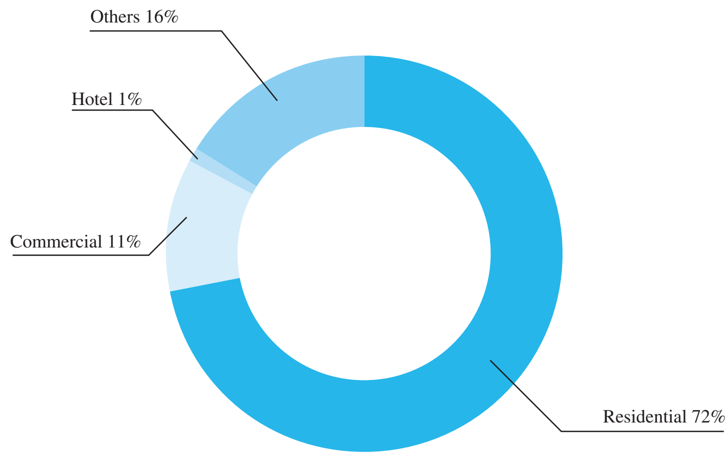
2. Distribution of the Company's land reserves by land use right certificates

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



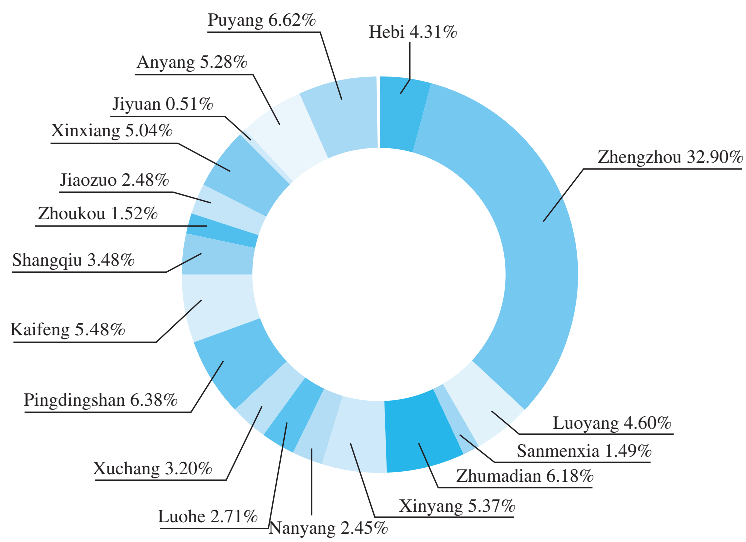
3. Distribution of the Company's land reserves by property types

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



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

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



(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we resolved the research direction of new products and new technologies by continuously fine-tuning our traditional products in the new markets to enhance the quality of our existing product series while combining new form of operations in the traditional markets. We also maintained sustainable development for our products in the long term in adherence to the green development philosophy. Meanwhile, we continued to drive the process of commercialisation as we closely monitored the latest changes and developments in the industry, and have been optimizing our commercial, hotel, cultural and tourist real estate products for ensuring the provision of quality products for the Group's service regime as a whole.

1. *Architectural design*

   During the reporting period, we continued to improve and upgrade the overall quality of our existing product lines by refining our designs and optimising our costs under the control of a standardised management process. In line with our "green, low-carbon and energy-saving" principles in sustainable development, we advocated our green architecture in further regions in the province; we introduced new style and technology to our buildings to elevate living quality of our customers. With our aim to provide customers a new lifestyle, we have fully embodied the concept of elegancy and convenience in our products, such products were strongly user-oriented with great comfort.

2. *Serialisation, standardisation and commercialisation*

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

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

(V) Customer Service and Customer Relations

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

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

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

II. BUSINESS OUTLOOK

(I) Market Outlook

(1) The Macro-economic Landscape

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

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

(2) The Property Market

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

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

(II) Business Planning

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

(1) Construction Plans

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

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

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

(2) Completion plan

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

Expected Completion in the Second Half of 2015

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

III. FINANCIAL ANALYSIS

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

- **Income from sales of properties:** Revenue from property sales increased to approximately RMB3,765 million for the six months ended 30 June 2015 from approximately RMB2,965 million for the same period of 2014, due to an increase in sold area from 490,883 sq.m. for the six months ended 30 June 2014 to 694,818 sq.m. for the six months ended 30 June 2015, but average selling price decreased to RMB5,419 per sq.m. in the first half of 2015 from approximately RMB6,040 per sq.m. for the same period of 2014. The increase in sold area was stimulated by our strategy of accelerated inventory clearance. Due to our sales strategy and the change in product mix, the average selling price decreased.

- **Rental income:** Revenue from property leasing of approximately RMB51 million for the six months ended 30 June 2015, which was mainly derived from rental income of commercial buildings and shopping malls.

- **Revenue from hotel operations:** Revenue from hotel operations increased by 43.5% to approximately RMB78 million for the six months ended 30 June 2015 from approximately RMB54 million for the same period of 2014. The increase was due to the continuous improvement in hotel operation in each hotel.

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

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

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

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

Selling and marketing expenses: Selling and marketing expenses increased by 45.0% from approximately RMB172 million to approximately RMB250 million. The increase was primarily due to increased advertising and promotional expenses associated with our new projects, and the increased salaries, other benefits and commissions paid to our sales and marketing staff.

General and administrative expenses: General and administrative expenses increased from approximately RMB241 million to approximately RMB305 million, an increase of 26.7%, mainly due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our hotel assets.

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

Share of profits less losses of joint ventures: Share of profits less losses of joint ventures decreased by 67.0% to approximately RMB13 million from approximately RMB39 million for the period, primarily due to a decrease in the recognition of revenue of joint ventures resulted from major joint-venture projects are under development. The revenue of the Group's joint ventures amounted to approximately RMB220 million (same period of 2014: RMB921 million), representing sales of 39,890 sq.m. (same period of 2014: 121,462 sq.m.) for the period, in which revenue of RMB113 million (same period of 2014: RMB468 million), representing sales of 20,438 sq.m. (same period of 2014: 61,605 sq.m.), was attributable to the Group.

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

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

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

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

Structure of Borrowings and Deposits

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

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

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

Financial guarantees: As at 30 June 2015, we provided guarantees of approximately RMB12,160 million (31 December 2014: approximately RMB11,636 million) to banks in favour of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB4,621 million as at 30 June 2015 (31 December 2014: approximately RMB3,798 million).

Capital commitment: As at 30 June 2015, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB7,958 million (31 December 2014: approximately RMB7,729 million), and we had authorised, but not yet contracted for, a further approximately RMB17,807 million (31 December 2014: approximately RMB16,191 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 30 June 2015, our major non-RMB assets and liabilities are (i) bank deposits denominated in H.K. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD.

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

IV. ISSUANCE OF SENIOR NOTES

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

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had 1,902 employees (31 December 2014: 2,141 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. As at the date of this announcement, there was no significant labour dispute which has or may have an adverse impact on our business operations.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the six months ended 30 June 2015, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange with the exception of code provisions A.6.7 and E.1.2 as addressed below.

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

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

   Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang and Ms. Wu Wallis (alias Li Hua), all being non- executive Directors, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 15 May 2015 (the "2015 AGM") as they were out of town for other businesses.

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

   Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2015 AGM as he was out of town for other business.

   In his absence, the other members of the remuneration committee, namely Mr. Wu Po Sum and Mr. Cheung Shek Lun, attended the 2015 AGM and answered questions raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code 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 2015.

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

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

CHANGES SINCE 31 DECEMBER 2014

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2014.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2015.

INTERIM DIVIDEND

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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

This 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 2015 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, 31 August 2015

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Wu Po Sum and Ms. Yan Yingchun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang 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*