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 2016

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2016 amounted to RMB2,549 million, a decrease of 34.5% compared with the corresponding period in 2015.
- Gross profit margin for the period was 38.0%, as compared with 27.9% for the corresponding period in 2015.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB255 million, a decrease of 19.7% compared with the corresponding period in 2015.
- Net profit margin for the period was 9.9%, as compared with 8.2% for the corresponding period in 2015.
- Basic earnings per share for the period was RMB10.46 cents, a decrease of 19.9% compared with the corresponding period in 2015.

* *For identification purposes only*

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 2016, together with the relevant comparative figures in 2015 as follows:

CONSOLIDATED INCOME STATEMENT

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016
(Expressed in Renminbi)

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

	Note	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Non-current liabilities			
Bank loans	*12*	**(1,350,958)**	(1,136,733)
Other loans	*13*	**(397,700)**	(397,700)
Patent payable		**(60,000)**	(105,000)
Senior notes	*15*	**(5,715,337)**	(6,515,531)
Corporate bonds	*16*	**(2,973,030)**	–
Deferred tax liabilities		**(69,663)**	(69,969)
		(10,566,688)	(8,224,933)
Net assets		**7,302,059**	7,317,519
Capital and reserves			
Share capital		**216,322**	216,322
Reserves		**6,562,783**	6,582,338
Total equity attributable to equity shareholders of the Company		**6,779,105**	6,798,660
Non-controlling interests		**522,954**	518,859
Total equity		**7,302,059**	7,317,519

NOTES:

1 BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2016 but are extracted from the report.

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

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

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

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included 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 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2016.

2 SEGMENT REPORTING

(a) Products and services from which reportable segments derive their revenue

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

(b) Revenue from principal activities

The Group's revenue from its principal activities is set out in note 3.

(c) Geographic information

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

3 REVENUE

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

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

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

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

5 PROFIT BEFORE TAXATION

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

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

6 INCOME TAX

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

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

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

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

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

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% (six months ended 30 June 2015: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (six months ended 30 June 2015: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits for the period.

(d) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. For the six months ended 30 June 2015, certain PRC subsidiaries were subject to LAT which is calculated based on 1.5% to 4.5% of their revenue in accordance with the authorised taxation method.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB255,437,000 (six months ended 30 June 2015: RMB318,198,000) and the weighted average of 2,442,271,000 ordinary shares (six months ended 30 June 2015: 2,436,943,000 shares) in issue during the interim period.

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

(b) Diluted earnings per share

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

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

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

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

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

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

8 INTERESTS IN JOINT VENTURES

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

Amounts due from joint ventures except for amounts of RMB93,000,000 and RMB598,000,000 (31 December 2015: RMB165,000,000) which are interest bearing at 8.9% and 13.65% per annum respectively (31 December 2015: 11.5% per annum), are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

As at 30 June 2016, the Group's 10% equity interest in a joint venture with carrying amount of RMB38,669,000 (31 December 2015: RMB37,742,000) was pledged as security of the Group's other loan of RMB7,700,000 (31 December 2015: RMB7,700,000) (note 13) and that joint venture's other loan of RMB492,300,000 (31 December 2015: RMB492,300,000).

9 PROPERTIES FOR SALE

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

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

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bills receivables *(note (a))*	**10,955**	2,700
Trade receivables *(note (a))*	**48,539**	44,672
Other receivables *(note (b))*	**885,196**	438,049
Amounts due from related companies *(note (c))*	**425,016**	364,376
Amounts due from non-controlling interests *(note (d))*	**239,389**	236,789
Gross amount due from customers for contract work	**14,085**	14,085
Derivative financial instruments *(notes 15(b), 15(c) and 15(e))*	**18,128**	10,505
	1,641,308	1,111,176

Notes:

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

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Current	**40,965**	36,313
1 to less than 3 months overdue	**8,382**	141
3 to less than 6 months overdue	**3,525**	3,331
6 months to less than 1 year overdue	**674**	686
More than 1 year overdue	**5,948**	6,901
	59,494	47,372

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

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

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

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

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

(c) The amounts due from related companies included an amount of RMB39,015,000 (31 December 2015: RMB39,015,000) in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB288,626,000 (31 December 2015: RMB226,051,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,770,000 (31 December 2015: RMB77,770,000) represents the management fee paid on behalf of the trust manager of joint ventures, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

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

(d) The amounts due from non-controlling interests included (i) amounts of RMB20,000,000 (31 December 2015: RMB20,000,000) and RMB15,300,000 (31 December 2015: RMB15,300,000) which are secured by the equity interests of certain PRC subsidiaries that partially owned by the non-controlling interests, interest-free and have no fixed terms of repayment; and (ii) an amount of RMB3,500,000 (31 December 2015: RMB3,500,000) which is unsecured, interest bearing at 2% per annum and has no fixed terms of repayment.

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

11 DEPOSITS AND PREPAYMENTS

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

12 BANK LOANS

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

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

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

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

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

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

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

13 OTHER LOANS

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

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

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

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

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

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

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

14 PAYABLES AND ACCRUALS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bills payable *(note (a))*	**1,144,372**	740,686
Trade payables *(note (a))*	**3,973,497**	5,031,416
Other payables and accruals	**2,331,937**	2,777,265
Patent payable	**45,000**	35,000
Amounts due to joint ventures *(note (b))*	**6,353,610**	5,336,229
Amounts due to non-controlling interests *(note (c))*	**439,196**	571,630
Amount due to an associate *(note (b))*	**21,381**	21,381
Derivative financial instruments		
— held as cash flow hedging instrument *(notes 15(a) and 15(d))*	**85,774**	236,630
	14,394,767	14,750,237

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

Notes:

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

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

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

(c) The amounts due to non-controlling interests included an amount of RMB92,000,000 (31 December 2015: RMB100,000,000) which is unsecured, interest bearing at 9.41% (31 December 2015: 9.41%) per annum and has no fixed terms of repayment.

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

15 SENIOR NOTES

Liability component of the senior notes

	At **30 June 2016** *RMB'000*	At 31 December 2015 *RMB'000*
SGD175m Senior Notes *(note (a))*	–	771,354
US$200m Senior Notes *(note (b))*	**1,271,335**	1,252,269
US$400m Senior Notes *(note (c))*	**2,543,540**	2,504,350
SGD200m Senior Notes *(note (d))*	**937,157**	886,916
US$300m Senior Notes *(note (e))*	**1,900,462**	1,871,996
	6,652,494	7,286,885
Less: amount due for maturity within 12 months (classified as current liabilities)	**(937,157)**	(771,354)
Amount due from maturity after 12 months (classified as non-current liabilities)	**5,715,337**	6,515,531

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

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

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

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

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

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

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD200m Senior Notes by swapping the senior notes principal of SGD200 million into US$160 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD200 million and the contract will mature on 26 May 2017. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2016, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB85,774,000 (31 December 2015: RMB141,118,000) (note 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.

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

16 CORPORATE BONDS

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

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

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

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

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

17 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

18 COMMITMENTS

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

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

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

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

19 CONTINGENT LIABILITIES

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

The Group and joint ventures provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2016 are as follows:

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

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

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

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

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

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

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

FINANCIAL HIGHLIGHTS

SUMMARY OF INCOME STATEMENT

For the period ended 30 June

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

SUMMARY OF STATEMENT OF FINANCIAL POSITION

As at 30 June

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

Notes: * change in percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

Overall Performance

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

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

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

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

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

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

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

Cost of sales: Our cost of sales decreased by 43.7% to approximately RMB1,581 million for the six months ended 30 June 2016 from approximately RMB2,809 million for the same period of 2015. The decrease in cost of sales was due to the decrease in GFA sold in property sales as mentioned above and the corresponding decrease in land and construction costs.

Gross profit: As a result of the aforesaid changes in revenue and cost of sales, our gross profit decreased by 10.8% to approximately RMB968 million for the six months ended 30 June 2016 from approximately RMB1,085 million for the same period of 2015, while our gross profit margin increased from 27.9% for the six months ended 30 June 2015 to 38.0% for the same period of 2016.

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

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

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

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

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

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

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

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

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

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the period, we successfully issued the corporate bonds in PRC with principal amount of RMB3,000,000,000 at a coupon rate of 6.0% due 2021 (the "RMB3,000 million Corporate Bonds"). As at 30 June 2016, the repayment schedule of the Group's bank and other borrowings was as follows:

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

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

Contingent liabilities: As at 30 June 2016, we provided guarantees of approximately RMB15,245 million (31 December 2015: approximately RMB14,812 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB5,644 million as at 30 June 2016 (31 December 2015: approximately RMB3,901 million). Apart from the above, the Group provided liquidity support in favour of Jianye Property Management for an amount of RMB650,000,000 as at 30 June 2016 in relation to Assets-backed Securities issued by Jianye Property Management.

Capital commitment: As at 30 June 2016, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB5,570 million (31 December 2015: approximately RMB5,150 million), and we had authorised, but not yet contracted for, a further approximately RMB12,047 million (31 December 2015: approximately RMB15,131 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 30 June 2016, our major non-RMB assets and liabilities are (i) bank deposits denominated in U.S. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD.

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

II. REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

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

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

2. The Property Market

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

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

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

(II) Project Development

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

1. Property Development

(a) Sales Performance

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

Geographical breakdown of contracted sales for the first half of 2016

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

(b) Newly Commenced Projects

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

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

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

(c) Projects Under Development

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

Geographical breakdown of projects under development as at 30 June 2016

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

(d) Property Projects Completed

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

Details of projects completed for the first half of 2016

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

2. Development of Light-asset Model Projects

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

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

(III) Land Reserves

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

1. Public Land Auctions

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

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

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

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

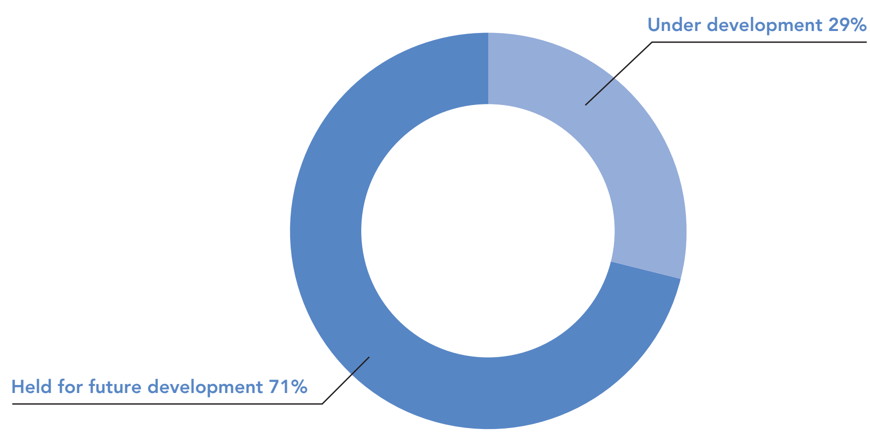
On 18 May 2016, the Group acquired the land use rights of two land parcels No. ays-2016-13 and ays-2016-14 located at the Southwest of the junction between Pingyuan Road and Santai Street in Anyang City in a listing for sale process held by Anyang City Public Resources Trading Centre* (安陽市公共資源交易中心) for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

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

2. Distribution of land reserves

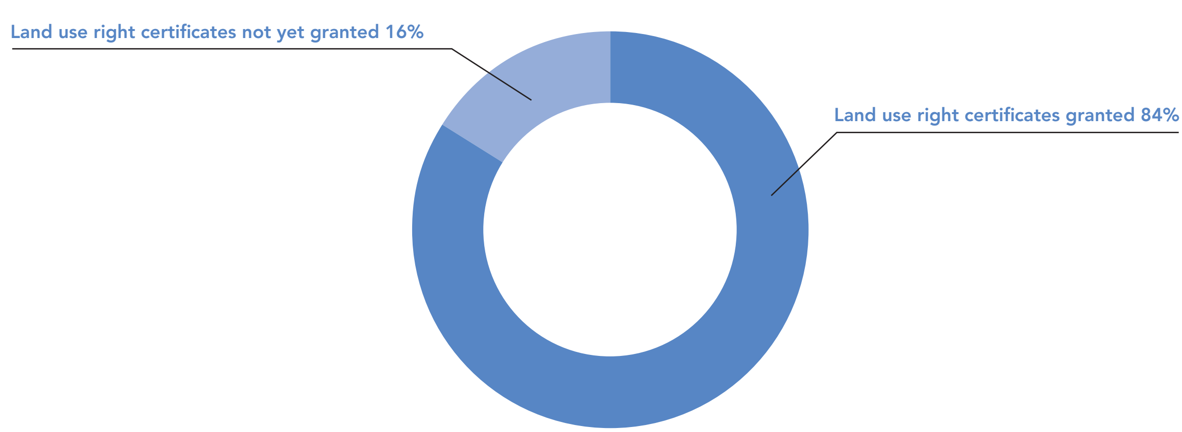
(1) Distribution of the Company's land reserves by current development status

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



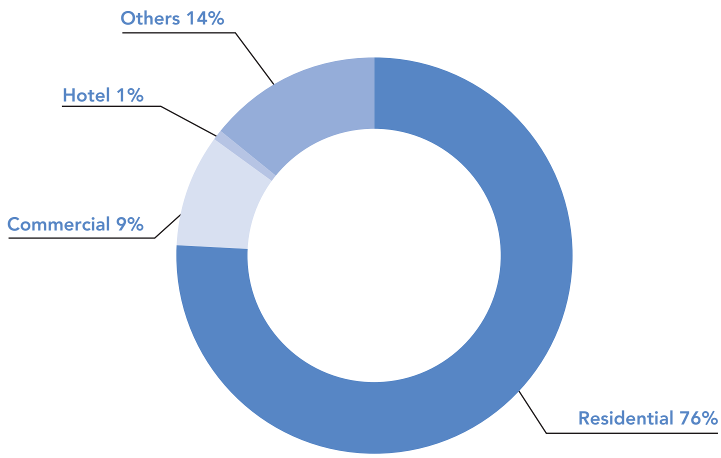
(2) Distribution of the Company's land reserves by land use right certificates

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 30 June 2016)



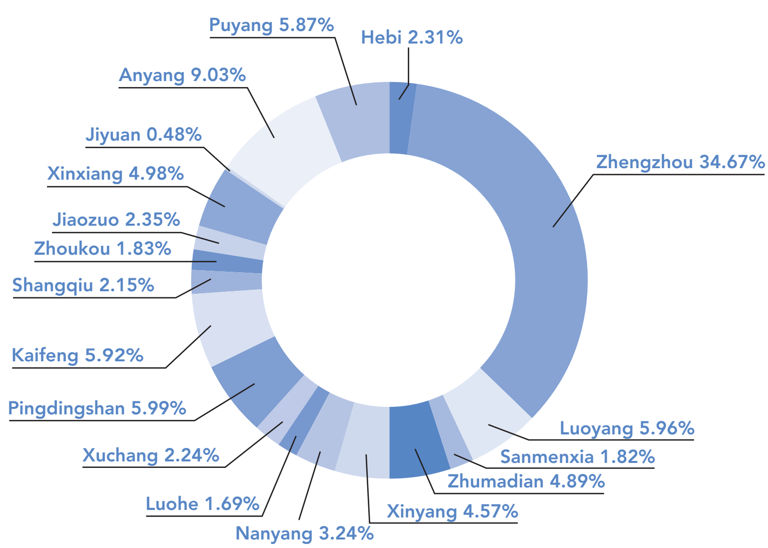
(3) Distribution of the Company's land reserves by property types

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



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

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



(IV) Product Research and Development

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

1. Product Research, Development and Innovation

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

2. Serialisation, Standardisation and Commercialisation of Our Products

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

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

(V) Customer Service and Customer Relations

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

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

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

III. BUSINESS OUTLOOK

(I) Market Outlook

(1) The Macro-economic Landscape

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

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

(2) The Property Market

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

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

(II) Business Planning

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

1. *Construction Plans#*

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

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

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

2. *Completion plan#*

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

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

Note:

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

IV. ISSUANCE OF CORPORATE BONDS

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

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 2,123 employees (31 December 2015: 2,153 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. As at the date of this 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 2016, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange with the exception of code provisions A.6.7 and E.1.2 as addressed below.

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

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

   Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, all being non-executive Directors, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 17 May 2016 (the "2016 AGM") as they were out of town for other businesses.

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

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

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

   In their absence, the other members of the Board, namely Ms. Yan Yingchun and Ms. Wu Wallis (alias Li Hua), and Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2016 AGM and answered questions raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2016.

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

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

CHANGES SINCE 31 DECEMBER 2015

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2015.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: 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 2016 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, 19 August 2016

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*