
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Central China Real Estate Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.



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: 832)

CONNECTED TRANSACTIONS

**ACQUISITION OF 20.01% SHAREHOLDING IN
ARTSTAR INVESTMENTS LIMITED**

Independent Financial Adviser

寶
橋
BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

A letter from the Board is set out on pages 1 to 7 of this circular and a letter from the Independent Board Committee is set out on pages 8 to 9 of this circular. A letter of advice from the IFA to the Independent Board Committee and the Shareholders is set out on pages 10 to 20 of this circular.

6 October 2009

* *For identification purposes only*

TABLE OF CONTENTS

	<i>Page</i>
Definitions	ii
Letter From the Board	1
Letter From the Independent Board Committee	8
Letter From IFA	10
Appendix I — Valuation Report	21
Appendix II — General Information	29

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“10.01% Acquisition”	the acquisition of 10.01% shareholding in Artstar Investments by CCRE Holdings from Mass Million in accordance with the terms set out in the Share Transfer Agreement (10.01%);
“10% Acquisition”	the acquisition of 10% shareholding in Artstar Investments by CCRE Holdings from Superb East in accordance with the terms set out in the Share Transfer Agreement (10%);
“Acquisitions”	comprise the 10.01% Acquisition and the 10% Acquisition;
“Artstar Investments”	Artstar Investments Limited (文星投資有限公司*), a limited liability company which was incorporated in the BVI;
“Bridge Partners” or “IFA”	Bridge Partners Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the entering into of the Share Transfer Agreements;
“Brightest Group”	Brightest Group Limited (耀明集團有限公司), a limited liability company which was incorporated in the BVI;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“CapitaLand”	CapitaLand Limited, a limited liability company incorporated in Singapore and is the ultimate shareholder of CapitaLand (Cayman);
“CapitaLand (Cayman)”	CapitaLand LF (Cayman) Holdings Co., Ltd, a limited liability company incorporated in the Cayman Islands and is a substantial Shareholder as at the date of this circular and an indirect wholly-owned subsidiary of CapitaLand;

DEFINITIONS

“CCRE Holdings”	Central China Real Estate Holdings Limited (建業地產控股有限公司), a limited liability company which was incorporated in the BVI and is an indirect wholly-owned subsidiary of the Company;
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company incorporated on 15 November 2007 under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK GAAP”	the general accepted accounting principles of Hong Kong;
“Huayang Square (Luoyang) Project”	a property development located at the intersection of Jiudu Road and Yan’an Road in Luoyang City, Henan Province. As at the date of this circular, Luoyang Zhongya holds the land use rights certificates for parcels of land in this project with an aggregate site area of approximately 257,797 sq.m.;
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors namely, Mr. Cheung Shek Lun, Mr. Fang Fenglei and Mr. Wang Shi;
“Latest Practicable Date”	30 September 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“Luoyang Zhongya”	Luoyang Zhongya Real Estate Development Company Limited* (洛陽中亞置業發展有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Artstar Investments;
“Mass Million”	Mass Million International Limited (宏萬國際有限公司), a limited liability company which was incorporated in the BVI;
“PRC”	the People’s Republic of China;
“Previous Acquisition”	the acquisition of 9.99% shareholding in the Artstar Investments along with relevant shareholder’s loan by CCRE Holdings from Brightest Group at a consideration of approximately RMB75,000,000, which was completed on 9 June 2009. For details of this transaction, please refer to the Company’s announcement dated 25 May 2009;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares(s);
“Share Transfer Agreement (10.01%)”	the share transfer agreement dated 25 August 2009 entered into between CCRE Holdings and Mass Million in respect of the 10.01% Acquisition;
“Share Transfer Agreement (10%)”	the share transfer agreement dated 25 August 2009 entered into between CCRE Holdings and Superb East in respect of the 10% Acquisition;
“Share Transfer Agreements”	comprise the Share Transfer Agreement (10.01%) and the Share Transfer Agreement (10%);

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Superb East”	Superb East Investments Limited (卓東投資有限公司), a limited liability company which was incorporated in the BVI;
“Super Joy”	Super Joy International Limited (卓愉國際有限公司), a limited liability company incorporated on 19 February 2007 in the BVI and a Shareholder and is wholly owned by Mr. Wang Tianye, a Director and the chief executive officer of the Company;
“sq.m”	square meter; and
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



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: 832)

Executive Directors:

Mr. Wu Po Sum (*Chairman*)
Mr. Wang Tianye
Ms. Yan Yingchun

Non-executive Directors:

Mr. Lim Ming Yan
Mr. Leow Juan Thong Jason
Ms. Wallis Wu
Mr. Hu Yongmin

Independent non-executive Directors:

Mr. Cheung Shek Lun
Mr. Fang Fenglei
Mr. Wang Shi

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Place of business in Hong Kong:

Rm.1008, Concordia Plaza
1 Science Museum Road,
Tsimshatsui East
Kowloon
Hong Kong

6 October 2009

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

**ACQUISITION OF 20.01% SHAREHOLDING IN
ARTSTAR INVESTMENTS LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 25 August 2009 in relation to the Share Transfer Agreements, pursuant to which CCRE Holdings agreed to acquire 10.01% and 10% shareholding in Artstar Investments from Mass Million and Superb East respectively.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further information relating to the Acquisitions and the Share Transfer Agreements; (ii) the recommendation from the Independent Board Committee to the Shareholders; and (iii) the recommendation from the IFA to the Independent Board Committee and the Shareholders.

THE ACQUISITIONS

The 10.01% Acquisition

A summary of the major terms of the Share Transfer Agreement (10.01%) is set out as follows:

Date: 25 August 2009

Parties: Mass Million (as vendor), a connected person of the Company
CCRE Holdings (as purchaser), an indirect wholly owned subsidiary of the Company

Pursuant to the Share Transfer Agreement (10.01%), Mass Million agreed to sell and CCRE Holdings agreed to purchase from Mass Million 10.01% shareholding in Artstar Investments. Upon completion of the 10.01% Acquisition, (i) Mass Million will cease to have any interest in Artstar Investments; and (ii) CCRE Holdings' shareholding in Artstar Investments will increase to 85%. CCRE Holdings' shareholding in Artstar Investments will further increase to 95% upon completion of both 10.01% Acquisition and 10% Acquisition.

Consideration:

The consideration for the 10.01% Acquisition was HK\$50,000,000 and was reached after arm's length negotiations between the parties thereto with reference to the latest property valuation of the land (as at 10 April 2009) performed by an independent valuer (the "Valuer") in relation to the Huayang Square (Luoyang) Project which was valued at approximately RMB897,649,154 (approximately HK\$1,019,573,688).

As advised by the Valuer, pursuant to the relevant PRC laws and regulations, both the "Assumed Development" method (假設開發法) and the "Market Comparativeness" method (市場比較法) were adopted to determine the value of the land in relation to the Huayang Square (Luoyang) Project. After making certain adjustments as to the two results produced by the adoptions of the two different valuation methods above, the land cost in relation to the Huayang Square (Luoyang) Project was finally determined to be approximately RMB3,482 per sq.m.

CCRE Holdings agreed to pay Mass Million the full amount of the consideration in cash from the Group's internal resources on the completion date of the 10.01% Acquisition.

LETTER FROM THE BOARD

Completion of the 10.01% Acquisition shall be conditional upon:

- (i) the 10.01% Acquisition is approved by the board of directors of Artstar Investments;
- (ii) the 10.01% Acquisition is approved by the board of directors of CCRE Holdings and the independent Shareholders; and
- (iii) the 10.01% Acquisition is approved by the board of directors of Mass Million.

In the event that the above conditions are not fulfilled in full on or before 31 October 2009 or such later date as agreed by both parties in writing or waived by CCRE Holdings, the Share Transfer Agreement (10.01%) shall terminate with immediate effect.

The 10.01% Acquisition has been completed on 16 September 2009.

The 10% Acquisition

A summary of the major terms of the Share Transfer Agreement (10%) is set out as follows:

Date: 25 August 2009

Parties: Superb East (as vendor), a connected person of the Company
CCRE Holdings (as purchaser), an indirect wholly owned subsidiary of the Company

Pursuant to the Share Transfer Agreement (10%), Superb East agreed to sell and CCRE Holdings agreed to purchase from Superb East 10% shareholding in Artstar Investments. Upon completion of the 10% Acquisition, (i) Superb East's shareholding in Artstar Investments will decrease to 5%; and (ii) CCRE Holdings' shareholding in Artstar Investments will increase to 84.99%. CCRE Holdings' shareholding in Artstar Investments will further increase to 95% upon completion of both 10.01% Acquisition and 10% Acquisition.

Consideration:

The consideration for the 10% Acquisition was HK\$50,000,000 and was reached after arm's length negotiations between the parties thereto with reference to the latest property valuation of the land (as at 10 April 2009) performed by the valuer in relation to the Huayang Square (Luoyang) Project which was valued at approximately RMB897,649,154 (approximately HK\$1,019,573,688).

LETTER FROM THE BOARD

As advised by the Valuer, pursuant to the relevant PRC laws and regulations, both the “Assumed Development” method (假設開發法) and the “Market Comparativeness” method (市場比較法) were adopted to determine the value of the land in relation to the Huayang Square (Luoyang) Project. After making certain adjustments as to the two results produced by the adoptions of the two different valuation methods above, the land cost in relation to the Huayang Square (Luoyang) Project was finally determined to be approximately RMB3,482 per sq.m.

CCRE Holdings agreed to pay Mass Million the full amount of the consideration in cash from the Group’s internal resources on the completion date of the 10% Acquisition.

Completion of the 10% Acquisition shall be conditional upon:

- (i) the 10% Acquisition is approved by the board of directors of Artstar Investments;
- (ii) the 10% Acquisition is approved by the board of directors of CCRE Holdings and the independent Shareholders; and
- (iii) the 10% Acquisition is approved by the board of directors of Superb East.

In the event that the above conditions are not fulfilled in full on or before 31 October 2009 or such later date as agreed by both parties in writing or waived by CCRE Holdings, the Share Transfer Agreement (10%) shall terminate with immediate effect.

The 10% Acquisition has been completed on 16 September 2009.

SHAREHOLDING STRUCTURE OF ARTSTAR INVESTMENTS UPON COMPLETION OF THE ACQUISITIONS

Upon completion of the Acquisitions, Artstar Investments will be 95% owned by CCRE Holdings and 5% owned by Superb East.

LETTER FROM THE BOARD

INFORMATION ABOUT ARTSTAR INVESTMENTS

Artstar Investments is a limited liability company incorporated in the BVI, which is an investment holding company. Artstar Investments is, through Luoyang Zhongya (its indirect wholly owned subsidiary), engaged in the development and operation of the Huayang Square (Luoyang) Project. The Directors consider the Huayang Square (Luoyang) Project as one of the Group's important development projects.

The unaudited net liabilities value of Artstar Investments as at 31 December 2008, prepared under the HK GAAP, was approximately RMB10,318,451 (approximately HK\$11,719,434). For the years ended 31 December 2007 and 31 December 2008, the unaudited net loss (before taxation and extraordinary items) of Artstar Investments prepared under the HK GAAP was approximately RMB998,353 (approximately HK\$1,133,937) and approximately RMB12,086,910 (approximately HK\$13,728,407), respectively. For the years ended 31 December 2007 and 31 December 2008, the unaudited net loss (after taxation and extraordinary items) of Artstar Investments prepared under the HK GAAP was approximately RMB998,353 (approximately HK\$1,133,937) and approximately RMB12,086,910 (approximately HK\$13,728,407), respectively.

INFORMATION ABOUT CCRE HOLDINGS AND THE GROUP

The Group is principally engaged in the real estate development and sales in Henan Province, the PRC.

CCRE Holdings is a limited liability company incorporated in the BVI, which is an investment holding company indirectly wholly-owned by the Company.

INFORMATION ABOUT MASS MILLION AND SUPERB EAST

Mass Million is a limited liability company incorporated in the BVI, which is an investment holding company.

Superb East is a limited liability company incorporated in the BVI, which is an investment holding company.

The original purchase costs of the subject interests in Artstar Investments by Mass Million and Superb East amount to around RMB35 million and nil respectively.

LETTER FROM THE BOARD

REASONS FOR AND BENEFIT OF THE ACQUISITIONS

Since the beginning of 2009, the property market in the PRC has shown a sign of recovery that has been driven by the massive stimulus package announced by the Chinese central government. In the first half of 2009, the Huayang Square (Luoyang) Project achieved satisfactory pre-sales record, and the Directors anticipate that the Huayang Square (Luoyang) Project will make a substantial contribution to the Group's revenue and profit in 2009 and thereafter. As such, the Group acquired 9.99% shareholding in Artstar Investments in May 2009. The Directors consider that acquisition of additional stake in Artstar Investments will enhance the Group's results and is thus in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Mass Million and Superb East are substantial shareholders of Artstar Investments and are connected persons of the Company, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.25 of the Listing Rules, the Acquisitions and the Previous Acquisition (in which CCRE Holdings acquired 9.99% shareholding in Artstar Investments from Brightest Group) should be aggregated as if they were one transaction. As the highest aggregate percentage ratio of the Acquisitions and the Previous Acquisition exceeds 2.5% and their aggregate consideration is not less than HK\$10,000,000, each of the Acquisitions is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Joy Bright is wholly owned by Mr. Wu Po Sum (the founder of the Group, the chairman, executive Director and the controlling shareholder of the Company). Super Joy is wholly owned by Mr. Wang Tianye (an executive Director and the chief executive officer of the Company) and acquired its interest in the Group from Joy Bright in April 2007. CapitaLand is a pre-IPO investor, which invested in the Group in December 2006 (prior to the Group's reorganization and the Company's incorporation) through its indirect wholly-owned subsidiary, CapitaLand (Cayman). CapitaLand appointed two representatives to the Board as non-executive Directors in connection with its investment in the Group. As of the date hereof, CapitaLand has not disposed of any of its shares in the Company. The Directors consider that CapitaLand's investment in the Group is of a long-term and strategic nature and that Joy Bright, Super Joy and CapitaLand (Cayman) have established and will maintain a long-term and stable business relationship with each other.

LETTER FROM THE BOARD

On the basis that (i) none of Mass Million, Superb East and their respective associates hold any Shares and no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisitions; and (ii) Joy Bright, CapitaLand (Cayman) and Super Joy, being a closely allied group of shareholders for the purposes of Rules 14.45 and 14A.43 of the Listing Rules entitled to vote on the Acquisitions and holding 944,246,820, 542,105,625 and 13,647,555 Shares respectively and representing approximately 47.2%, 27.1% and 0.7% (together 75%) of the issued share capital of the Company as at the date of the announcement of the Company issued on 25 August 2009, has on 21 August 2009 approved the Acquisitions in writing, the Company has applied to the Stock Exchange for and the Stock Exchange has on 26 August 2009 granted to the Company, a waiver from strict compliance with the requirement for holding a general meeting pursuant to Rule 14A.43 of the Listing Rules. Pursuant to Rule 14A.43 of the Listing Rules, the independent shareholders' approval requirement is deemed to have been fulfilled and hence no separate general meeting will need to be convened for approval of the Acquisitions as contemplated under the Share Transfer Agreements.

FURTHER INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee; (2) the letter from the IFA; (3) the valuation report as set out in Appendix I hereto; and (4) the general information as set out in Appendix II hereto.

Yours faithfully,

By Order of the Board

Central China Real Estate Limited

Wang Tianye

Director and Chief Executive Officer



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: 832)

6 October 2009

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

**ACQUISITION OF 20.01% SHAREHOLDING IN
ARTSTAR INVESTMENTS LIMITED**

We refer to the circular of the Company to the Shareholders dated 6 October 2009 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you as to whether, in our opinion, the terms of the Acquisitions under the Share Transfer Agreements are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from Bridge Partners Capital Limited, the IFA appointed to advise the Independent Board Committee and the Shareholders on the terms of the Acquisitions under the Share Transfer Agreements as set out on the pages 10 to 20 of the Circular, and the letter from the Board set out on pages 1 to 7 of the Circular.

** For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, the opinion of Bridge Partners Capital Limited as stated in its letter of advice, we are of the view that the terms of the Acquisitions under the Share Transfer Agreements are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
Independent Board Committee of
Central China Real Estate Limited

Cheung Shek Lun	Fang Fenglei	Wang Shi
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>

LETTER FROM IFA

The following is the text of a letter of advice to the Independent Board Committee and the Shareholders from Bridge Partners in relation to the entering into of the Share Transfer Agreements and the transactions contemplated thereunder, dated 6 October 2009 prepared for the purpose of incorporation in this circular:



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Bridge Partners Capital Limited

Unit 605, 6/F, Grand Millennium Plaza

181 Queen's Road Central

Central, Hong Kong

6 October 2009

*To the independent board committee
and the shareholders of Central China Real Estate Limited*

Dear Sirs,

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the entering into of the Share Transfer Agreements and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 6 October 2009 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

LETTER FROM IFA

Since Mass Million and Superb East are substantial shareholders of Artstar Investments and are connected persons of the Company, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. According to Rule 14A.25 of the Listing Rules, the Acquisitions and the Previous Acquisition (in which CCRE Holdings acquired 9.99% shareholding in Artstar Investments from Brightest Group in May 2009) should be aggregated as if they were one transaction. None of Mass Million, Superb East and their respective associates hold any Shares and no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisitions. A written approval of Joy Bright, CapitaLand (Cayman) and Super Joy, being the closely allied group of Shareholders for the purposes of Rules 14.45 and 14A.43 of the Listing Rules entitled to vote on the Acquisitions and held 47.2%, 27.1% and 0.7% (together 75%) of the issued share capital of the Company as at the announcement of the Company dated 25 August 2009, has been obtained for the purpose of approving the Acquisitions in writing on 21 August 2009. The Company applied to the Stock Exchange for and the Stock Exchange granted, a waiver from strict compliance with the requirement for holding a general meeting pursuant to Rule 14A.43 of the Listing Rules. On 26 August 2009, the Stock Exchange granted the waiver to the Company from strict compliance with the requirements pursuant to Rule 14A.43 of the Listing Rules.

The Independent Board Committee, comprising Mr. Cheung Shek Lun, Mr. Fang Fenglei and Mr. Wang Shi (all being independent non-executive Directors), has been established to advise the Shareholders as to whether the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, Bridge Partners, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders as to whether the terms of each of the Share Transfer Agreements are on normal commercial terms and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM IFA

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have reviewed, amongst others, (i) the annual report of the Company for the year ended 31 December 2008, the interim report of the Company for the six months ended 30 June 2009 (the “Interim Report”) and the prospectus of the Company dated 26 May 2008, (ii) the unaudited financial accounts of Artstar Investments for the two years ended 31 December 2008, (iii) the valuation report prepared by the independent property valuer, Luoyang Yufang Real Estate Evaluation & Consultants, Co. Ltd. (“Luoyang Yufang”) as at 10 April 2009 and (iv) the valuation report prepared by the independent property valuer, Savills Valuation and Professional Services Limited (“Savills”) as at 31 August 2009. We have also discussed with the Directors and/or management of the Group with respect to the terms of and reasons for the Acquisitions. Further, we have discussed with Savills regarding their valuation method, approach and assumptions on the land in relation to the Huayang Square (Luoyang) Project and reviewed the statistics related to the real estate industry in Henan Province. We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our recommendation which are in compliance with Rule 13.80 of the Listing Rules.

We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete at the time they were made and continue to be true up to and including the date of the Circular.

We consider that we have been provided with sufficient information to form a reasonable basis of our opinion. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Having made all reasonable enquiries, the Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and further confirmed that, to their best knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, Mass Million, Superb East and CCRE Holdings, their respective associates and subsidiaries of the Company, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisitions.

LETTER FROM IFA

This letter is issued for the information for the Independent Board Committee and the Shareholders solely in connection with their consideration of the Share Transfer Agreements and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. We have no obligation to update this letter after the date of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Shareholders in respect of the Acquisitions, we have taken the following principal factors and reasons into consideration:

1. Background of and reasons for the Acquisitions

Business of the Group

The Group is principally engaged in the real estate development and sales in Henan Province, the PRC. According to the management of the Company, the Group held property projects in various stages of development in 22 cities across Henan Province, including 18 prefecture-level cities and 4 county-level cities. It has achieved a vertically-integrated property development process ranging from site selection and land acquisition, financing, project planning and design, construction work, pre-sales and sales, to the provision of after-sales services to the buyers. The Group has been listed on the Stock Exchange since 6 June 2008. Its revenue is mostly generated from the sale of commodity properties that the Group developed.

Background of the Acquisitions

CCRE Holdings is an indirect wholly-owned subsidiary of the Company, which through its subsidiaries, engaged in the development and operation of the Huayang Square (Luoyang) Project. In May 2009, with a view to expand the residential and commercial property portfolios in the PRC, the Group acquired 9.99% equity interest in Artstar Investments together with the interests in the shareholder loan owed by Artstar Investments to Brightest Group. Huayang Square (Luoyang) Project is located at the intersection of Jiudu Road and Yan'an Road in Jian Xi District (澗西區), Luoyang City, Henan Province and holds the land use rights certificates for approximately 257,797 sq.m. The project includes an office building and residential building, retail units and ancillary facilities, including the underground car park.

LETTER FROM IFA

Before completion of the Acquisitions, Artstar Investments is owned as to 74.99%, 10.01% and 15% by CCRE Holdings, Mass Million and Superb East respectively. In order to further strengthen the Group's residential and commercial property portfolios in Luoyang, the Group has further increased its shareholding in Artstar Investments by 20.01% from 74.99% to 95% interest after the completion of both 10.01% Acquisition and 10% Acquisition. According to the Directors, the Group currently develops and operates the Huayang Square (Luoyang) Project through Luoyang Zhongya.

According to the unaudited financial statements prepared under the HK GAAP, the unaudited net liabilities value of Artstar Investments was approximately RMB10,318,451 (equivalent to approximately HK\$11.72 million) as at 31 December 2008. For the two years ended 31 December 2008, the unaudited net losses after taxation and extraordinary items of Artstar Investments were approximately RMB998,353 (equivalent to approximately HK\$1.13 million) and approximately RMB12,086,910 (equivalent to approximately HK\$13.73 million), respectively. According to the representation from the management of the Company, the construction of phase 1 will be completed before December 2009 and over 98% of the residential units have already been sold. It is expected that the phase 2 of the project will be completed next year. Although Artstar Investments is in a net loss position, the Board anticipates that the financials of Artstar Investments will turn around and bring revenue and profit in 2009 after the Acquisitions.

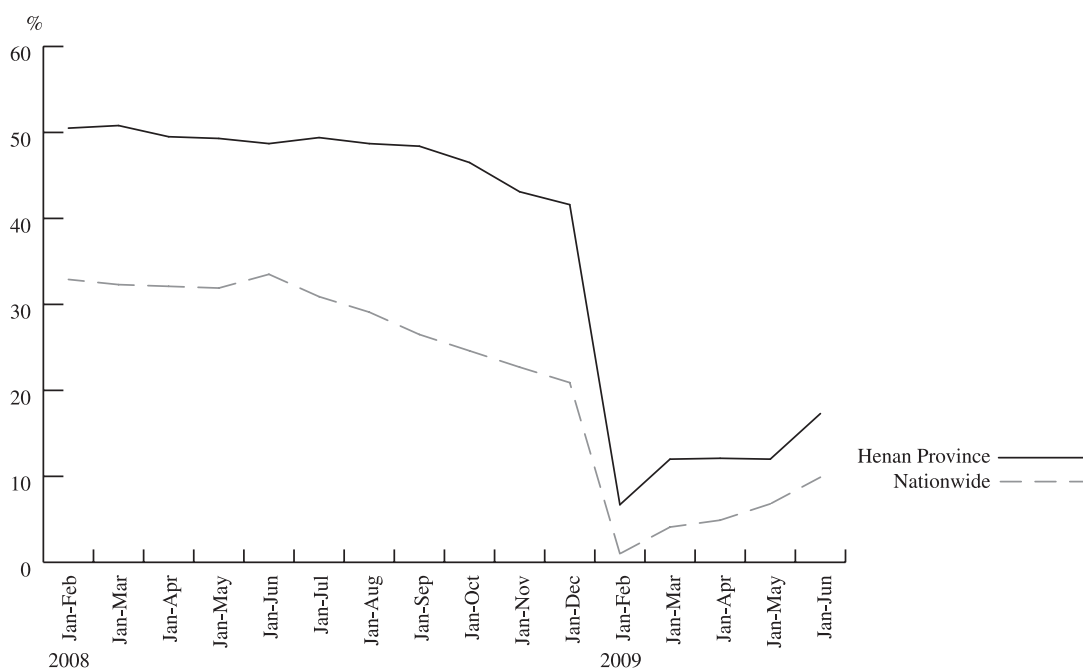
Real estate industry in China

The global financial tsunami has affected the whole economic environment across all countries, including China. In order to cope with the challenging environment and boost the domestic demand, the PRC government announced a RMB4 trillion stimulus package in late 2008. The PRC government also introduced an array of policies in October 2008, including tax exemption, mortgage deposits reduction and interest rates reduction on a mortgage for first time home buyers, in order to boost the real estate sector amid the global economic downturn. In addition, according to the announcement from the National Bureau of Statistics of China, China's gross domestic product grew 7.9% year-on-year in the second quarter of the year 2009 as the nation became the first of the major economies to rebound from the global recession. The upward trend in the property industry in China is evidenced by the total investment in real estate development and the total revenue from the property market. Based on the information from the National Bureau of Statistics of China, the total investment in real estate development in China amounted to RMB1,772 billion from January to July 2009, up by 11.6% year-on-year. The total revenue from the sale of commodity properties in China was approximately RMB1,960 billion during the period from January to July 2009 and the growth rate of the floor space sold was approximately 37.1%.

Real estate market in Henan Province

We have also studied the economy and real estate market in Henan Province. The urban population of Henan Province has increased steadily, reaching approximately 32.14 million in 2007 and the compound average growth rate was approximately 5.79% during the three-year period from 2005 to 2007. During the first half year of 2007, the GDP of Henan Province increased by 8.2% and the investment in real estate sector in Henan Province amounted to RMB58.785 billion, which represents an increase of 17.3% as compared to same period of the previous year (as shown in the chart below). Despite of the financial tsunami occurring from the third quarter of 2008, the signal of the market recovery was strong during the first quarter of 2009 (as noted from the chart below) and it can be further evidenced by the increment of the investment in property market in China and Henan Province.

**Increment of investment in property market in
China and Henan Province since 2008**



Source: Website of Henan statistics (<http://www.ha.stats.gov.cn>)

LETTER FROM IFA

On the other hand, Luoyang City recorded an increase of 4.2% of sales price indices of newly constructed residential buildings and an increase of 7.0% of the sale price indices of second-handed residential housings in July 2009. As noted from the 2008-2020 city development plan consultation paper for Luoyang City, Jian Xi District is one of the planned zones in Luoyang City. The key area for the city development plan will focus on improving the transportation system, integrating the residential land use development and building up the housing protection system. It is proposed that the residential land use in Jian Xi District will be reclaimed and developed, and by 2020, Jian Xi District will be developed as the central business area in Luoyang. We believe that it will boost the development of residential and commodity properties in Jian Xi District in the long run.

Furthermore, as stated in the prospectus of the Company dated 26 May 2008, one of the strategies of the Group is to further strengthen its leading position in the residential property market in Henan Province. According to the Directors, the Huayang Square (Luoyang) Project achieved satisfactory pre-sales record and anticipates that such project will make a substantial contribution to the Group's revenue and profit in 2009 and thereafter. The Directors are of the view that acquisition of additional equity stake in Artstar Investments will enhance the Group's results in the near future. In view of the facts that (i) the Huayang Square (Luoyang) Project may make a substantial financial contribution to the Group's results, (ii) the Acquisitions are consistent with the overall corporate strategy of the Group, (iii) the continuing economy growth in China and the support of the government policies on real estate industry and (iv) the development proposal will boost the development of residential and commodity properties in Jian Xi District in the long run, we consider that it is beneficial for the Company to increase its shareholding in Artstar Investments and the entering into of the Share Transfer Agreements is in the ordinary and usual course of business of the Group and the Acquisitions can enhance the Group's financial results and therefore are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Share Transfer Agreements

The principal terms of the Share Transfer Agreement (10.01%) and Share Transfer Agreement (10%) are basically the same. Pursuant to the Share Transfer Agreements, CCRE Holdings agreed to acquire from (i) Mass Million 10.01% shareholding in Artstar Investments at a consideration of HK\$50 million and (ii) Superb East 10% shareholding in Artstar Investments at a consideration of HK\$50 million. CCRE Holdings will pay the full amount of the consideration in cash from the Group's internal resources to Mass Million and Superb East on the completion date of the 10.01% Acquisition and the 10% Acquisition respectively. According to the Directors, the Company had not considered other settlement methods of the Acquisitions such as issuance of Shares or convertible instruments due to the facts that (i) the Group has sufficient cash to settle the consideration of the Acquisitions and (ii) the cash payment could avoid dilution of the shareholding of the public Shareholders. Having considered the cash and cash equivalents of the Company of approximately RMB1,402.91 million (equivalent to approximately HK\$1,593.38 million) as at 30 June 2009, we consider that the settlement method of the Acquisitions is fair and reasonable.

As discussed with the Company, the Directors consider that it is an opportune time to capture the future growth in demand for residential and commodity properties in Luoyang City and are of the positive view towards the property market in the PRC. As stated in the "Letter from the Board", the aggregate consideration for the Acquisitions was reached after arm's length negotiations with reference to the property valuation of the land as at 10 April 2009 performed by Luoyang Yufang in relation to the Huayang Square (Luoyang) Project which was valued at approximately RMB897,649,154 (equivalent to approximately HK\$1,019,573,688) (the "April Valuation"). The aggregate consideration for the Acquisitions of HK\$100 million represents a discount of approximately 50.98% to approximately HK\$204,016,695 of the April Valuation, being the effective interest in 20.01% of the land valuation in relation to the Huayang Square (Luoyang) Project.

As noted by Luoyang Yufang in respect of the valuation method adopted by it in valuing the Property, we understand that Luoyang Yufang has adopted a combination of the "Assumed Development" method (假設開發法) and the "Market Comparativeness" method (市場比較法) for valuing the land in relation to the Huayang Square (Luoyang) Project. Luoyang Yufang advised that such methods are the appropriate valuation methods for valuation of the Huayang Square (Luoyang) Project. According to Luoyang Yufang, the land cost in relation to the Huayang Square (Luoyang) Project was approximately RMB3,482 per sq. m after weighting average the two land costs computed by using the "Assumed Development" method and the "Market Comparativeness" method respectively.

LETTER FROM IFA

In assessing the fairness and reasonableness of the Acquisitions, we note that Luoyang Yufang has made various assumptions, including but not limited to, (i) the land market is active and well developed and the parcel of lands should exchange freely in the market; (ii) no changes to the market and geographical status during the negotiation period; (iii) the description of the parcel of lands are true and correct and the relevant documents are legal and valid; (iv) the legality of the land use rights and (v) the parcel of lands are matched with the production, the owner sells its land interests in their continued uses and existing states.

According to the Listing Rules, the Company has also appointed Savills as the independent property valuer of the Huayang Square (Luoyang) Project. In assessing the fairness and reasonableness of the valuation of the Huayang Square (Luoyang) Project, we have also made reference to the valuation report of the Huayang Square (Luoyang) Project as at 31 August 2009 prepared by Savills. We have reviewed the property valuation as at 31 August 2009 performed by Savills in relation to the Huayang Square (Luoyang) Project which was valued at RMB918,000,000 (equivalent to approximately HK\$1,043,146,256) (the “August Valuation”). We understand that the appraised value of the land in relation to the Huayang Square (Luoyang) Project by Luoyang Yufang, which is the basis of the consideration in relation to the Huayang Square (Luoyang) Project, is lower than the appraised value of the land by Savills. Based on our discussions with Savills, the appraised value of the land is based on the direct comparison approach by making reference to the comparable sales transactions as available in the market and also taken into consideration of the construction costs that will be expended to complete the project development to reflect the quality of the completed development. As the whole development of the land in relation to the Huayang Square (Luoyang) Project is scheduled to be completed in the year of 2013, the construction costs that will be expended has taken into account of the market value of the valuation.

Further, during the course of our discussions with Savills, nothing material has come to our attention that would lead us to believe that the valuation of the land in relation to the Huayang Square (Luoyang) Project was not prepared on a reasonable basis nor reflect the methodology and assumptions which has been adopted and arrived at after due and careful consideration.

LETTER FROM IFA

In view of the difference between the appraised values of the land in relation to the Huayang Square (Luoyang) Project computed by Luoyang Yufang and Savills being approximately 2.27%, we consider that the differences between the two appraised values of the Huayang Square (Luoyang) Project is immaterial. As advised by the Directors, the discount to the aggregate consideration for the Acquisitions was determined after arm's length negotiation with each of Mass Million and Superb East. In determining the aggregate consideration for the Acquisitions, we were confirmed by the Directors that they had taken into account of the net liabilities position of Artstar Investments. Furthermore, the aggregate consideration for the Acquisitions represents a discount of approximately 52.09% to approximately HK\$208,733,566 of the August Valuation, being the effective interest in 20.01% of the land valuation in relation to the Huayang Square (Luoyang) Project.

Based on the above, we consider the considerations for 10.01% Acquisition and 10% Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Possible financial effects of the Acquisitions on the Group

(i) Earnings

Upon completion of both 10.01% Acquisition and 10% Acquisition, the Group's (through CCRE Holdings) interest in Artstar Investments has increased from 74.99% to 95%. Artstar Investments will continue to be accounted as an indirect owned subsidiary of the Group and its results will continue to be consolidated into the financial statements of the Company. As advised by the Company, the Huayang Square (Luoyang) Project may bring a substantial contribution to the Group's revenue and profit in 2009 and thereafter.

(ii) Working capital position

The total consideration for the Acquisitions amounted to HK\$100 million shall be satisfied by the Group's internal resources. According to the Interim Report, the Group had cash and cash equivalents (the "Cash Amount") of approximately RMB1,402.91 million (equivalent to HK\$1,593.38 million). Taking into account of the Cash Amount and the net proceeds raised from the issue of the convertible bonds in August 2009 of approximately HK\$762 million (together the "Total Cash Amount"), the total consideration of HK\$100 million represents approximately 4.24% of the Total Cash Amount. We are of the view that the entering into of the Share Transfer Agreements will have no material adverse impact on the Group's working capital position.

LETTER FROM IFA

(iii) *Gearing*

As at 30 June 2009, the total borrowings of the Group amounted to approximately RMB2,005.48 million (equivalent to approximately HK\$2,277.76 million), comprised non-current portion of borrowings of approximately RMB1,045.39 million (equivalent to approximately HK\$1,187.32 million) and current portion of borrowings of approximately RMB960.09 million (equivalent to approximately HK\$1,090.44 million). As the total consideration for the Acquisitions will be satisfied by way of cash, we are of the view that there will be no impact on the gearing position of the Group.

Shareholders should note that the aforementioned analysis is for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon the completion of the Share Transfer Agreements.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Share Transfer Agreements are on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders, as well as the Independent Board Committee, to advise the Shareholders to approve the Share Transfer Agreements and the transactions respectively contemplated thereunder if an extraordinary general meeting of the Shareholders were to be convened in this regard.

Yours faithfully,

For and on behalf of

Bridge Partners Capital Limited

Monica Lin

Managing Director

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular and received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with the valuation as at 31 August 2009 of the property for the purpose of the Acquisitions.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100

F : (852) 2530 0756

EA Licence: C-023750

savills.com

6 October 2009

The Directors
Central China Real Estate Limited.
Room 1008, Concordia Plaza
1 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

Dear Sirs,

RE: HUAYANG SQUARE (LUOYANG), LOCATED AT THE INTERSECTION OF JIUDU ROAD AND YAN'AN ROAD, JIAN XI DISTRICT, LUOYANG, HENAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (中華人民共和國河南省洛陽市澗西區九都路與延安路交界處的洛陽世紀華陽項目) (THE "PROPERTY")

In accordance with your instructions for us to value the property held by Luoyang Zhongya Real Estate Development Company Limited (洛陽中亞置業發展有限公司) (the "Company") situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the property as at 31 August 2009 (the "date of valuation") for incorporation in a public circular.

Our valuation of the property is our opinion of its market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Company. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal of the property have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to the comparable sales transactions as available in the market and where appropriate, have taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

We have been provided with copies of extracts of the title documents relating to the Property. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on the information given by the Company and its PRC legal adviser, Kingbird Law Firm, on the title to the property. We have also accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenures, ownership, completion dates, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We have inspected the property. During the course of our inspection, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

In valuing the property, we have had regard to the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The Valuation Standards on Properties (First Edition January 2005) published by The Hong Kong Institute of Surveyors.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Unless otherwise stated, all money amounts are stated in Renminbi (“RMB”).

We enclose herewith our valuation certificate.

Yours faithfully
for and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer and has about 25 years’ experience in the valuation of properties in Hong Kong and has about 20 years’ experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2009
Huayang Square (Luoyang), intersection of Jiudu Road and Yan'an Road, Jianxi District, Luoyang, Henan Province, PRC	<p>The property comprises two parcels of land (namely Lots A and C) with a total site area of approximately 257,796.50 sq.m. (2,774,922 sq.ft.).</p> <p>According to the information provided by the Company, the property is proposed to be developed into a large-scale residential development with a total planned gross floor area of approximately 892,433.99 sq.m. (9,606,159 sq.ft.). Both uses and approximate gross floor areas of the property are as follows:</p>	Portion of the property erected on Lot C is under construction while Lot A is a vacant site.	RMB918,000,000
	Approximate gross floor area		
	Use	sq.m. sq.ft.	
	Lot A		
	Residential	320,857.00 3,453,704	
	Retail	56,221.00 605,163	
	Office	39,936.00 429,871	
	Car parks	33,887.00 364,760	
	Others	35,827.00 385,642	
	Sub-total	486,728.00 5,239,140	

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2009	
			Use	Approximate gross floor area
			sq.m.	sq.ft.
	Lot C			
	Residential		309,620.15	3,332,751
	Retail		32,636.84	351,303
	Car parks		56,932.00	612,816
	Others		6,517.00	70,149
	Sub-total		405,705.99	4,367,019
	Total		<u>892,433.99</u>	<u>9,606,159</u>

As advised by the Company, the whole development is scheduled to be completed in 2013.

According to the supplied information, portion of the property with a total gross floor area of approximately 189,075.05 sq.m. had been pre-sold for a total consideration of RMB852,534,619.60 as at the date of valuation.

The land use rights of the property have been granted for a term expiring on 6 July 2063 for composite use.

Notes:

- (1). Pursuant to two State-owned Land Use Certificates both issued by the People's Government of Luoyang on 25 March 2004, the land use rights of two parcels of land with a total site area of approximately 257,796.50 sq.m. have been granted to the Company. Details of the certificates are as follows:

Site	Certificate No.	Site Area (sq.m.)	Expiry Date	Use
Lot A	Luo Shi Guo Yong (2004) Di 04009398	121,432.10	6 July 2063	Composite
Lot C	Luo Shi Guo Yong (2004) Di 04009400	136,364.40	6 July 2063	Composite
	Total	257,796.50		

- (2). Pursuant to Construction Land Planning Permit No. Di Zi 41030020090018 issued by Luoyang Planning Bureau on 5 March 2009, a parcel of land with a total site area of approximately 289,213.02 sq.m. is permitted for commercial and resident uses.
- (3). Pursuant to various Construction Works Planning Permits issued by Luoyang Planning Bureau, the construction scale of portion of Lot C with a total gross floor area of approximately 277,734.64 sq.m. is permitted. Details of such permits are as follows:

Block	Certificate No.	Gross Floor Area (sq.m.)	Issue Date
Block 1, Lot C	2008-199	22,602.00	23 May 2008
Block 2, Lot C	2008-131	12,318.00	16 April 2008
Block 3, Lot C	2008-198	23,732.00	23 May 2008
Block 5, Lot C	2008-197	23,216.00	23 May 2008
Block 6, Lot C	2008-196	11,421.00	23 May 2008
Block 8, Lot C	2008-195	13,503.00	23 May 2008
Basement & facilities, Lot C	2008-129	19,097.00	16 April 2008
Commercial podium, Phase 1, Lot C	2008-128	10,193.00	16 April 2008
Clubhouse & composite building 2	2008-137	2,661.00	16 April 2008
Composite building 2, Phase 1, Lot C	410300200800104	2,781.57	5 December 2008
Composite building 1, Phase 1, Lot C	410300200800103	1,144.39	5 December 2008
Clubhouse & composite building 1	2008-136	1,168.00	16 April 2008
Block 9, Lot C	410300200800181	23,369.05	25 December 2008
Block 10, Lot C	410300200800182	23,400.70	25 December 2008
Block 11, Lot C	410300200800183	18,158.71	25 December 2008
Block 12, Lot C	410300200800184	25,160.58	25 December 2008
Block 13, Lot C	410300200800185	14,970.90	25 December 2008
Commercial podium, Phase 2, Lot C	410300200800186	28,837.74	25 December 2008
Total		277,734.64	

- (4). Pursuant to various Construction Works Commencement Permits issued by Luoyang Construction Committee, commencement of the construction of portion of Lot C with a total gross floor area of approximately 266,500.00 sq.m. is permitted. Details of such permits are as follows:

Block	Certificate No.	Gross Floor Area (sq.m.)	Issue Date
Block 1, Lot C	2008-083	20,413.00	30 April 2008
Block 2, Lot C	2008-084	12,318.00	30 April 2008
Block 3, Lot C	2008-085	20,899.00	30 April 2008
Block 5, Lot C	2008-086	22,469.00	30 April 2008
Block 6, Lot C	2008-087	10,600.00	30 April 2008
Block 8, Lot C	2008-088	12,784.00	30 April 2008
Basement & facilities, Lot C	2008-092	19,097.00	30 April 2008
Commercial podium, Phase 1, Lot C	2008-091	10,193.00	30 April 2008
Clubhouse & composite building 2	2008-090	2,661.00	30 April 2008
Clubhouse & composite building 1	2008-089	1,168.00	30 April 2008
Block 9, Lot C	2009-014	23,369.00	18 May 2009
Block 10, Lot C	2009-015	23,401.00	18 May 2009
Block 11, Lot C	2009-016	18,159.00	18 May 2009
Block 12, Lot C	2009-017	25,160.00	18 May 2009
Block 13, Lot C	2009-018	14,971.00	18 May 2009
Commercial podium, Phase 2, Lot C	2009-067	28,838.00	18 May 2009
Total		266,500.00	

- (5). Pursuant to four Pre-sale Permit issued by Luoyang Housing Administrative Bureau, portion of Lot C of the property with a total gross floor area of approximately 226,204.65 sq.m. is permitted for pre-sale. Details of such permits are as follows:

Block	Certificate No.	Gross Floor Area (sq.m.)	Issue Date
Residential, Phase 1, Lot C	Y08-039	103,560.15	28 April 2008
Commercial, Phase 1, Lot C	Y08-111	10,199.84	9 October 2008
Residential, Phase 2, Lot C	Y09-009	104,470.39	24 February 2009
Commercial, Phase 2, Lot C	Y09-046	7,974.27	14 August 2009
Total		226,204.65	

- (6). Portion of the property with a total gross floor area of approximately 189,075.05 sq.m. had been pre-sold for a total consideration of RMB852,534,619.60 as at the date of valuation, which is included in our valuation.
- (7). As advised by the Company, the total construction cost expended as at the date of valuation was approximately RMB317,428,800.38, whilst the estimated outstanding construction cost to be spent to complete the proposed development was approximately RMB2,000,000,000. In undertaking our valuation, we have taken into account such costs accordingly.
- (8). The capital value of the property as if completed as at the date of valuation was RMB3,872,000,000.
- (9). We have been provided with legal opinion on the title to the property issued by the PRC legal adviser, which contains, inter alia, the following information:
- i. The Company has fully paid the land premium and obtained the State-owned Land Use Certificates for the property;
 - ii. The Company is entitled to use, transfer, lease and mortgage the buildings to be erected on the two parcels of land and the land use rights under the PRC law; and
 - iii. The Company has obtained the Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit and Pre-sale Permit for corresponding portion of the property and these permits are all legal and valid. The Company is entitled to commence the construction and pre-sale the property under the PRC law.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered into the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange:

Name	Long position/ short position	Capacity and nature of interest	Number of issued ordinary shares interested	Percentage of issued share capital of the Company
Wu Po Sum	Long position	Interest in a controlled corporation	944,246,820 (Note 1)	47.21%
		Beneficial owner	6,350,000 (Note 3)	0.32%
Wang Tianye	Long position	Interest in a controlled corporation	13,647,555 (Note 2)	0.68%
		Beneficial owner	2,500,000 (Note 3)	0.13%

Name	Long position/ short position	Capacity and nature of interest	Number of issued ordinary shares interested	Percentage of issued share capital of the Company
Lim Ming Yan	Long position	Beneficial owner	2,500,000 <i>(Note 3)</i>	0.13%
Leow Juan Thong Jason	Long position	Beneficial owner	1,500,000 <i>(Note 3)</i>	0.08%
Yan Yingchun	Long position	Beneficial owner	1,500,000 <i>(Note 3)</i>	0.08%

Notes:

1. Mr. Wu Po Sum holds 100% of the entire issued share capital of Joy Bright. Mr. Wu Po Sum has a controlling interest in Joy Bright and is therefore deemed to be interested in the 944,246,820 Shares held by Joy Bright for the purposes of the SFO.
2. Mr. Wang Tianye holds 100% of the entire issued share capital of Super Joy. Mr. Wang Tianye has a controlling interest in Super Joy and is therefore deemed to be interested in the 13,647,555 Shares held by Super Joy for the purposes of the SFO.
3. Such interest in the Shares is held pursuant to the share options granted under the pre-IPO share option scheme of the Company adopted by the Shareholders on 14 May 2008.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, according to the list of substantial shareholders extracted from the website of the Stock Exchange (www.hkex.com.hk), the following companies or persons (except for the Directors or chief executives of the Company) had an interest or short position in the Shares and the register of interests kept by the Company under section 336 of the SFO and as far as is known to the Directors, no person other than a Director whose interests are disclosed above, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:-

Name	Capacity and nature of interest	Number of Shares interested	Approximate percentage of interest in the Company's issued share capital
Joy Bright (<i>Note 2</i>)	Beneficial owner	944,246,820	47.21%
Mr. Wu Po Sum (<i>Note 2</i>)	Interest in a controlled corporation	944,246,820	47.21%
CapitaLand (Cayman) (<i>Note 3</i>)	Beneficial owner	542,105,625	27.11%
CapitaLand China Holdings Pte Ltd (凱德置地中國控股私人有限公司*) ("CapitaLand China") (<i>Note 3</i>)	Interest in a controlled corporation	542,105,625	27.11%
CapitaLand Residential Limited ("CapitaLand Residential") (<i>Note 3</i>)	Interest in a controlled corporation	542,105,625	27.11%
Temasek Holdings (Private) Limited (<i>Note 3</i>)	Interest in a controlled corporation	542,105,625	27.11%
FV Green Alpha Two Limited ("FV Green") (<i>Note 4</i>)	Beneficial owner	289,951,497	14.50%

Notes:

1. The percentage shareholdings are based on a total of 2,000,000,000 Shares in issue as at the Latest Practicable Date.
2. Mr. Wu Po Sum holds 100% of the entire issued share capital of Joy Bright and will be deemed to be interested in the 944,246,820 Shares held by Joy Bright for the purposes of the SFO.
3. CapitaLand (Cayman) is directly wholly owned by CapitaLand China, CapitaLand China is directly wholly owned by CapitaLand Residential and CapitaLand Residential is directly wholly owned by CapitaLand. Temasek Holdings (Private) Limited has an interest in approximately 41.5% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings (Private) Limited is deemed or taken to be interested in the 542,105,625 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.
4. On 5 August 2009, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with FV Green relating to the issue and subscription of the convertible bonds (the “**Convertible Bonds**”) at an aggregate principal amount of HK\$687 million which were issued in conjunction with the warrants (the “**Warrants**”) entitling FV Green to subscribe for a maximum of 65,338,594 Shares. Based on the initial conversion price of HK\$3.10 per Share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 246,774,193 Shares (the “**Conversion Shares**”). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 Shares (the “**Warrant Shares**”) at the initial exercise price of HK\$4.10 per Share. As at the Latest Practicable Date, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green. Completion of the Subscription Agreement and issue of the Convertible Bonds and the Warrants took place on 31 August 2009. For further details, please refer to the Company’s announcements dated 5 August 2009 and 31 August 2009.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholders or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group which is required to be disclosed under Rule 8.10 of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

Each of the executive and non-executive Directors (except Mr. Hu Yongmin) has entered into a service agreement with the Company for a term of three years commencing from 6 June 2008, the date of listing of the Shares on the Stock Exchange, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed a letter of appointment for a term of three years commencing from 6 June 2008, the date of listing of the Shares on the Stock Exchange, which may be terminated by not less than three months' notice in writing served by either party on the other.

As at the Latest Practicable Date, none of the above service agreements and letters of appointment has been terminated.

Save as disclosed above, as at the Latest Practicable Date, there is no other existing service agreement entered into or proposed service agreement to be entered into between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up).

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Bridge Partners Capital Limited ("Bridge Partners")	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills Valuation and Professional Services Limited ("Savills")	Professional Surveyors, valuers and property adviser

As at the Latest Practicable Date, neither Bridge Partners nor Savills had any shareholding in any member of the Group nor have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither Bridge Partners nor Savills had any direct or indirect interest in any assets which had, since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up), been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Bridge Partners and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

9. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is located at Rm. 1008, Concordia Plaza, 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.
- (e) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The qualified accountant and the company secretary of the Company is Mr. Tang Man Joe who is a member of each of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.
- (g) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Messrs. Li & Partners at 22nd Floor, World Wide House, Central, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date hereof:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 8 to 9 of this circular;
- (b) the letter from the IFA, the text of which are set out on pages 10 to 20 of this circular;
- (c) the written consent of the experts referred to under the section headed “Expert and Consent” in this appendix;
- (d) the valuation report from Savills, the text of which is set out in Appendix I to this circular;
- (e) Share Transfer Agreement (10.01%); and
- (f) Share Transfer Agreement (10%).