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**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: 0832)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
CAPITAL INCREASE AGREEMENT**

**Independent Financial Adviser**

 **BRIDGE PARTNERS**

**BRIDGE PARTNERS CAPITAL LIMITED**

Terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set on pages 4 to 10 of this circular and a letter from the Independent Board Committee is set on page 11 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders is set out on pages 12 to 20 of this circular.

\* For identification purposes only

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## DEFINITIONS

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

“Board”	the board of Directors;
“Bridge Trust”	Bridge Trust Co., Ltd. (百瑞信託有限責任公司), a limited liability company established in the PRC and is owned as to 22.05% by the Finance Bureau of Zhengzhou City (鄭州市財政局) and as to 77.95% by Independent Third Parties;
“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 Latest Practicable Date and an indirect wholly-owned subsidiary of CapitaLand;
“Capital Increase”	the proposed increase in the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000 pursuant to the terms of the Capital increase Agreement;
“Capital Increase Agreement”	the capital increase agreement dated 7 December 2011 among CCRE China, Bridge Trust, Tianming Real Estate and CCRE Tianming in relation to the Capital Increase;
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“CCRE China”	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a wholly foreign-owned enterprise with limited liability which was incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company;
“CCRE Tianming”	Zhengzhou Central China Tianming Property Company Limited* (鄭州建業天明置業有限公司), a company with limited liability which was incorporated in the PRC and held by CCRE China and Tianming Real Estate as to 50% and 50% respectively as at the Latest Practicable Date;
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“Completion”	completion of the Capital Increase;

## DEFINITIONS

“Completion Date”	shall have the meaning as defined in the paragraph headed “Capital Increase Agreement — Conditions Precedent and Completion” in the section headed “Letter from the Board” of this circular;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors namely Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin;
“Independent Financial Adviser”	Bridge Partners Capital Limited, an independent financial adviser appointed to advise the Independent Board Committee and the independent Shareholders in relation to the Capital Increase Agreement and the transactions as contemplated thereunder;
“Independent Third Parties”	third parties independent of the Company and its connected persons and are not connected persons of the Company;
“Joy Bright”	Joy Bright Investments Limited (恩輝投資有限公司), a limited liability company which was incorporated in the BVI and is wholly-owned by Mr. Wu Po Sum;
“Latest Practicable Date”	21 December 2011, 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;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong);
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

## DEFINITIONS

“Super Joy”	Super Joy International Limited (卓愉國際有限公司), a limited liability company incorporated in the BVI and is 25% and 75% owned by Mr. Wang Tianye, an executive Director and the chief executive officer of the Company, and his son respectively;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases, as amended, supplemented or otherwise modified from time to time;
“Tianming Real Estate”	Tianming Real Estate Limited* (天明地產有限公司), a limited liability company incorporated in the PRC;
“Trust”	the trust named as “百瑞寶盈113號集合資金信託計劃 (建業地產信託基金2號)” (Bridge Baoying No.113 Commission Fund Trust Scheme (Central China Real Estate Limited Real Estate Fund No. 2)) established by Bridge Trust on 29 April 2011; 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: 0832)

*Executive Directors:*

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

*Non-executive Directors:*

Mr. Lim Ming Yan  
*(alternate director: Mr. Lucas Ignatius Loh Jen Yuh)*  
Mr. Leow Juan Thong Jason  
Ms. Wallis Wu (*alias Li Hua*)  
Mr. Hu Yongmin

*Independent non-executive Directors:*

Mr. Cheung Shek Lun  
Mr. Wang Shi  
Mr. Xin Luo Lin

*Registered office:*

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

*Place of business in Hong Kong:*

Room 7701B-7702A, 77th Floor  
International Commerce Center  
No. 1 Austin Road West  
Kowloon  
Hong Kong

23 December 2011

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 7 December 2011 in relation to the Capital Increase Agreement, pursuant to which CCRE China, Bridge Trust and Tianming Real Estate conditionally agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000.

\* *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 Capital Increase Agreement; (ii) the recommendation from the Independent Board Committee to the independent Shareholders; and (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders.

### CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out as follows:

**Date:** 7 December 2011

**Parties:** CCRE China, an indirect wholly-owned subsidiary of the Company;  
Bridge Trust (being the trustee of the Trust);  
Tianming Real Estate; and  
CCRE Tianming, a 50% owned subsidiary of the Company.

### Capital Increase in CCRE Tianming

As at the Latest Practicable Date and prior to the Completion, CCRE Tianming is a non wholly-owned subsidiary of the Company with a registered capital of RMB100,000,000 which is held as to 50% and 50% by CCRE China and Tianming Real Estate respectively.

Pursuant to the Capital Increase Agreement, CCRE China, Bridge Trust and Tianming Real Estate agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000. Out of the total amount of RMB1,400,000,000, CCRE China, Bridge Trust and Tianming Real Estate agreed to contribute RMB700,000,000, RMB600,000,000 and RMB100,000,000 by way of cash respectively. The aforesaid contribution will be made by CCRE China, the Trust and Tianming Real Estate on the Completion Date.

The amount of contribution to be made by each of CCRE China, the Trust and Tianming Real Estate was determined on the basis of normal commercial terms and arm's length negotiations among the parties to the Capital Increase Agreement with reference to their proportion in equity interest in CCRE Tianming. The total amount of capital contribution to be made by CCRE China, the Trust and Tianming Real Estate pursuant to the Capital Increase Agreement represents the additional fund required to settle the purchase price of the Zhengdong New District Land (as defined below).

Upon Completion, CCRE Tianming will have a registered capital of RMB1,500,000,000 which will be held as to 50%, 40% and 10% by CCRE China, the Trust and Tianming Real Estate respectively. Although the equity holding of the Company in CCRE Tianming will remain the same (50%) before and after Completion, CCRE Tianming will cease to be a subsidiary and will be accounted for as a jointly-controlled entity of the Company as none of CCRE China, the Trust and Tianming Real Estate will have unilateral control over the economic activity of CCRE Tianming based on the composition and decision-making process of the board of directors of CCRE Tianming (details of which are set out in the paragraph headed "Composition of the board of directors of CCRE Tianming upon completion" below).

## **LETTER FROM THE BOARD**

### **Conditions Precedent and Completion**

Completion is subject to, and conditional upon, fulfillment of all of the following conditions:

- (a) the execution and sealing of the Capital Increase Agreement by the legal representative or authorized representative of each of the parties thereto;
- (b) the Company having complied with the reporting and announcement requirements under the Listing Rules and obtained independent Shareholders' approval of the Capital Increase Agreement and the transactions as contemplated thereunder; and
- (c) the provision by CCRE China to Bridge Trust of relevant documents evidencing the Company's fulfillment of the condition as referred to in paragraph (b) above and the issuance by CCRE China to Bridge Trust of a written confirmation in respect of the Company's fulfillment of the said condition.

In the event that the above conditions are not fulfilled in full on or before 31 January 2012 or such later date as agreed by all parties to the Capital Increase Agreement in writing, the Capital Increase Agreement shall terminate with immediate effect.

Completion shall take place on any date (the "Completion Date") within thirty (30) working days after the date on which all the above conditions are fulfilled.

### **Composition of board of directors of CCRE Tianming upon Completion**

Upon Completion, the board of directors of CCRE Tianming shall comprise five (5) members. CCRE China is entitled to nominate two (2) directors, Bridge Trust is entitled to nominate two (2) directors while Tianming Real Estate is entitled to nominate one (1) director. The chairman of the board of directors shall be a director nominated by CCRE China and he or she shall also act as the legal representative of CCRE Tianming.

The quorum of meetings of the board of directors of CCRE Tianming shall be two-thirds (2/3) of the members of the board of directors. All resolutions must be passed by a two-thirds (2/3) majority of the directors present at the meeting.

### **INFORMATION ABOUT CCRE TIANMING**

CCRE Tianming is a limited liability company established in the PRC on 11 February 2011. It is an indirect 50% owned subsidiary of the Company and is mainly engaged in real estate development and sales in Henan Province, the PRC.



## LETTER FROM THE BOARD

The following table sets out the unaudited financial information of CCRE Tianming for the six months ended 30 June 2011:

	<b>For the six months ended 30 June 2011</b> (RMB)
Net loss before tax	104,563
Net loss after tax	78,422

The unaudited net asset value of CCRE Tianming as at 30 June 2011 was RMB99,921,578.

### INFORMATION ABOUT CCRE CHINA AND THE GROUP

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

CCRE China is a limited liability company established in the PRC. It is an indirect wholly owned subsidiary of the Company and is mainly engaged in real estate development and sales and real estate investment in Henan Province, the PRC.

### INFORMATION ABOUT OTHER PARTIES TO THE CAPITAL INCREASE AGREEMENT

Tianming Real Estate is a limited liability company established in the PRC. It is mainly engaged in property development and sales in Henan Province, the PRC. As at the Latest Practicable Date, Tianming Real Estate owns 50% equity interest of CCRE Tianming.

Bridge Trust is a non-banking financial institute which is owned as to 22.05% by the Finance Bureau of Zhengzhou City (鄭州市財政局) and as to 77.95% by Independent Third Parties. It has obtained a license issued by the CBRC and it is principally engaged in providing trust related products and services to customers. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Bridge Trust and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company save for its interests in a number of jointly connected entities of the Group.

The Trust was established on 29 April 2011 with trust fund amounted to RMB1,077,600,000, 25% of which in the amount of RMB269,400,000 was indirectly held by the Company. The Trust is purported to raise capital and develop existing and future property projects of the Group by way of acquisition or capital injection into the Group's existing project companies or establishment of new joint ventures.

### REASONS FOR AND BENEFIT OF ENTERING INTO OF THE CAPITAL INCREASE AGREEMENT

Management of the Company and Bridge Trust went through the procedures for identifying potential property projects of the Group for the Trust's investment and consider that CCRE Tianming and its underlying property development project fulfill all the criteria (for instance, the expected return on equity and the project development life cycle) as set out in the cooperation agreement constituting

## LETTER FROM THE BOARD

the Trust. The Company considers that the proposed capital injection by the Trust into CCRE Tianming and introduction of the Trust as an equity holder of CCRE Tianming are part of the trust arrangements in respect of the Trust pursuant to which capital is raised for development of the Group's property projects.

CCRE Tianming is the legal and beneficial owner of a parcel of land (the "Zhengdong New District Land") located at the Zhengdong New District (鄭東新區) of Zhengzhou, the PRC, which was purchased by CCRE Tianming in January 2011 with the purchase price of approximately RMB2,000 million. The Zhengdong New District Land is located in the east of Zhengzhou and is taking shape as a regional, financial, commercial and transport hub. The Zhengdong New District Land has a total site area of approximately 87,000 square metres and is expected to be developed into high-rise residential and commercial buildings. The Zhengdong New District Land is under construction and is scheduled to be completed in phases from the first quarter of 2013 onwards. It is anticipated that the development project on the Zhengdong New District Land upon completion will make a substantial contribution to the Group's profit.

Up to the Latest Practicable Date, CCRE China has advanced approximately RMB1,944 million by way of shareholder's loans to CCRE Tianming for the purpose of settlement of the purchase price and development of the Zhengdong New District Land. In view of the Group's continual support of the development project of the Zhengdong New District Land, the increase in registered capital of CCRE Tianming will further strengthen its financial position and facilitate the development of the Zhengdong New District Land. After Completion, CCRE Tianming will repay part of the shareholder's loans of approximately RMB1,400 million to CCRE China. Net cash return to CCRE China after additional capital contribution will amount to RMB700 million. The remaining shareholder's loan of approximately RMB544 million owed by CCRE Tianming to CCRE China will be unsecured, repayable upon demand and interest-bearing at the prevailing benchmark interest rate promulgated by the People's Bank of China plus 1% per annum.

In addition, during the negotiations among the parties to the Capital Increase Agreement, due to the prime location of the Zhengdong New District Land, Bridge Trust has expressed strong interest in participating in its development and requested for more control over the whole process. As such, it has been agreed that all resolutions of the board of directors of CCRE Tianming will be subject to the approval of a two-thirds (2/3) majority of the directors present at the meeting. Based on the aforesaid and the composition of the board of directors of CCRE Tianming upon Completion (please refer to the paragraph headed "Composition of the board of directors of CCRE Tianming upon completion" for details), CCRE Tianming will be subject to joint control of the three equity holders and will be accounted for as a jointly-controlled entity of the Company upon Completion. Such structuring of CCRE Tianming as a jointly-controlled entity is in line with the Group's previous arrangements with Bridge Trust.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### IMPLICATIONS UNDER THE LISTING RULES

Tianming Real Estate currently holds 50% equity interest in CCRE Tianming and is a controller as defined in Rule 14A.10(3) of the Listing Rules. The cessation of CCRE Tianming as a subsidiary of the Company upon Completion will constitute a deemed disposal of the Company under Rule 14.29 of the Listing Rules. The Capital Increase involves the Company's deemed disposal of an interest in CCRE Tianming where Tianming Real Estate (being a substantial shareholder of CCRE Tianming) is a controller and its equity holding of CCRE Tianming will decrease from 50% to 10% upon Completion. Accordingly, the entering into of the Capital Increase Agreement by CCRE China constitutes a connected transaction of the Company under Rule 14A.13(1)(b)(i) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Capital Increase Agreement exceed(s) 5%, the Capital Increase is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Capital Increase Agreement exceed(s) 5% but less than 25%, the entering into of the Capital Increase Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

On the bases that (i) no Shareholder has a material interest in the Capital Increase Agreement and the transactions contemplated thereunder which is different from other Shareholders and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions as contemplated under the Capital Increase Agreement; and (ii) written approvals of the transaction were obtained from Joy Bright and CapitaLand (Cayman), being the closely allied group of Shareholders for the purpose of Rules 14.45 and 14A.43 of the Listing Rules (as explained below) entitled to vote on the transaction and together holding more than 50% of the issued share capital of the Company as at the Latest Practicable Date, the Company applied to the Stock Exchange for and the Stock Exchange granted, a waiver from strict compliance with the requirement to hold a general meeting under 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 physical general meeting will be convened to approve the transactions as contemplated under the Capital Increase Agreement.

Joy Bright and CapitaLand (Cayman) constitute "a closely allied group of Shareholders" under Rule 14.45 of the Listing Rules for the reasons as set out below:

- (a) Joy Bright is wholly owned by Mr. Wu Po Sum (the founder of the Group, the chairman, an executive Director and a controlling Shareholder). 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. In the non-competition undertaking dated 16 May 2008 among CapitaLand China, CapitaLand (Cayman) and the Company, CapitaLand China agreed that in the event it identifies or is offered any opportunity to participate in any residential development project in any of the provinces of Henan, Hubei, Hunan, Shanxi, Anhui and Shaanxi in the PRC, it will notify the Company of such opportunity and that the

## LETTER FROM THE BOARD

Company shall have an option to negotiate and participate in such project subject to certain conditions as set out in the undertaking. As of the Latest Practicable Date, CapitaLand (Cayman) has not disposed of any of its Shares in the Company. Based on the aforesaid, the Directors consider that CapitaLand's investment in the Group is of a long-term and strategic nature and that Joy Bright and CapitaLand (Cayman) have established and will maintain a long-term and stable business relationship with each other;

- (b) Each of Joy Bright and CapitaLand (Cayman) has been Shareholders since incorporation of the Company on 15 November 2007;
- (c) Joy Bright and CapitaLand (Cayman) are not parties "acting in concert" for the purposes of the Takeovers Code; and
- (d) Joy Bright and CapitaLand (Cayman) have voted unanimously on all Shareholders' resolutions since the Company's inception (except for the Shareholders' resolutions passed in the annual general meetings of the Company dated 12 May 2009, 18 May 2010 and 30 May 2011 as no representative from (or proxy appointed by) CapitaLand (Cayman) attended the meetings).

### RECOMMENDATIONS

The entering into of the Capital Increase Agreement was approved by the Board. As no Director has a conflict of interest in respect of the Capital Increase, no Director abstained from voting in respect of the board resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 12 to 20 of this circular, considers that the terms of the Capital Increase Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and accordingly recommends the independent Shareholders to approve the Capital Increase Agreement if a general meeting of the Company were to be convened in this regard.

### FURTHER INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee; (2) the letter from the Independent Financial Adviser; (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: 0832)

23 December 2011

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
CAPITAL INCREASE AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 23 December 2011 (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 Capital Increase Agreement 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 independent financial adviser appointed to advise the Independent Board Committee and the Shareholders on the terms of the Capital Increase Agreement as set out on the pages 12 to 20 of the Circular, and the letter from the Board set out on pages 4 to 10 of the Circular.

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 Capital Increase Agreement are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned. We consider the entering into the capital Increase Agreement is in the interests of the Company and the Shareholders as a whole. Therefore, we recommend the Shareholders vote in favour of the resolutions proposed to approve the Capital Increase Agreement and the transactions contemplated thereunder if a general meeting of the Shareholders was to be convened in this regard.

Yours faithfully,

Independent Board Committee of  
**Central China Real Estate Limited**

**Cheung Shek Lun**

**Xin Luo Lin**

**Wang Shi**

*Independent non-executive Director Independent non-executive Director Independent non-executive Director*

\* For identification purposes only

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice to the Independent Board Committee and the independent Shareholders from the Independent Financial Adviser in relation to the entering into of the Capital Increase Agreement and the transactions contemplated thereunder for the purpose of incorporation in this circular:*



### **BRIDGE PARTNERS CAPITAL LIMITED**

Unit 605, 6/F, Grand Millennium Plaza  
181 Queen's Road Central  
Central, Hong Kong

23 December 2011

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

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in relation to the Capital Increase, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 23 December 2011 (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.

As at the Latest Practicable Date and prior to Completion, CCRE Tianming is a non wholly-owned subsidiary of the Company with a registered capital of RMB100,000,000 which is held as to 50% and 50% by CCRE China (an indirect wholly-owned subsidiary of the Company) and Tianming Real Estate respectively. On 7 December 2011, CCRE China entered into the Capital Increase Agreement with Bridge Trust (being the trustee of the Trust), Tianming Real Estate and CCRE Tianming. Pursuant to the Capital Increase Agreement, CCRE China, Bridge Trust and Tianming Real Estate conditionally agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000. Upon Completion, CCRE Tianming will have a registered capital of RMB1,500,000,000 which will be held as to 50%, 40% and 10% by CCRE China, the Trust and Tianming Real Estate respectively.

Tianming Real Estate currently holds 50% equity interest in CCRE Tianming and is a controller of CCRE Tianming as defined in Rule 14A.10(3) of the Listing Rules. The cessation of CCRE Tianming as a subsidiary of the Company upon Completion will constitute a deemed disposal of the Company under Rule 14.29 of the Listing Rules. The Capital Increase involves the Company's deemed disposal of an interest in CCRE Tianming where Tianming Real Estate (being a substantial shareholder of CCRE Tianming) is a controller and its equity holding of CCRE Tianming will decrease from 50% to 10%

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

upon Completion. Accordingly, the entering into of the Capital Increase Agreement by CCRE China constitutes a connected transaction of the Company under Rule 14A.13(1)(b)(i) of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Capital Increase Agreement exceed 5%, the Capital Increase is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, as the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Capital Increase Agreement exceed 5% but less than 25%, the entering into of the Capital Increase Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

On the bases that (i) no Shareholder has a material interest in the Capital Increase Agreement and the transactions contemplated thereunder which is different from other Shareholders and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Capital Increase and the transactions as contemplated under the Capital Increase Agreement; and (ii) written approvals of the transaction were obtained from Joy Bright and CapitaLand (Cayman), being the closely allied group of Shareholders for the purpose of Rules 14.45 and 14A.43 of the Listing Rules entitled to vote on the transaction and together holding more than 50% of the issued share capital of the Company as at the Latest Practicable Date, the Company applied to the Stock Exchange for and the Stock Exchange granted, a waiver from strict compliance with the requirement to hold a general meeting under 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 physical general meeting will be convened to approve the transactions as contemplated under the Capital Increase Agreement.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin, has been established to make recommendations to the independent Shareholders as to whether the terms of the Capital Increase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have been appointed as the independent financial adviser by the Independent Board Committee to advise the Independent Board Committee and the independent Shareholders in this regard.

### **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 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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, its subsidiaries or its associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Capital Increase.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular, and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

This letter is issued for the information for the Independent Board Committee and the independent Shareholders solely in connection with their consideration of the Capital Increase Agreement 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. 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 independent Shareholders in respect of the Capital Increase Agreement and the transactions as contemplated thereunder, we have taken the following principal factors and reasons into consideration:

#### Background and financial information of the Group

The Group is principally engaged in real estate development and sales in Henan Province, the PRC. Set out below is a summary of the financial results of the Group for the years ended 31 December 2010 and 31 December 2009 and the six months ended 30 June 2011 as extracted from the annual report of the Company for the year ended 31 December 2010 and the interim report of the Company for the six months ended 30 June 2011:

	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2010</b>	<b>For the six months ended 30 June 2011</b>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	2,739,831	4,516,351	2,529,121
Gross profit	951,582	1,545,912	1,154,382
Profit before taxation	651,352	1,095,486	821,205
Profit for the period	428,131	580,059	332,042



<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Restated)</i>		
Total assets	10,146,653	15,433,167	18,973,389
Total liabilities	6,826,960	11,661,483	14,373,119
Total equity	3,319,693	3,771,684	4,600,270

For the year ended 31 December 2010, the Group's turnover was approximately RMB4,516 million (including approximately RMB4,392 million from the sale of commodity properties), representing an increase of 64.8% over the previous year. The increase in turnover was mainly driven by (i) the increase in total GFA sold and recognized, from 662,067 sq.m. in 2009 to 1,027,276 sq.m. in 2010, representing an increase of 55.2%; and (ii) the increase in average selling price, from RMB4,018 per sq.m. in 2009 to RMB4,275 per sq.m. in 2010, representing an increase of 6.4%. Profit for the year increased by 35.5% to approximately RMB580.1 million for the year ended 31 December 2010, which was mainly attributable to the increase of GFA being sold and the increase of the average selling price.

The Group's turnover increased from approximately RMB1,480 million for the six months ended 30 June 2010 to approximately RMB2,529 million for the six months ended 30 June 2011, representing an increase of approximately 70.9%. The increase in turnover was mainly attributable to an increase in the average selling price of properties sold to customers of the Group from RMB4,268 per sq.m. in the corresponding period in 2010 to RMB8,646 per sq.m.. Profit for the six months ended 30 June 2011 increased by 30.5% to approximately RMB332.0 million from approximately RMB254.4 million for the same period in 2010, mainly attributable to the increase in turnover for the period.

The cash and cash equivalents of the Group increased from approximately RMB3,370 million as at 31 December 2010 to approximately RMB3,540 million as at 30 June 2011. Total borrowings of the Group increased from approximately RMB5,015 million as at 31 December 2010 to approximately RMB5,195 million as at 30 June 2011. The gearing ratio (which is measured by the net borrowings over total equity) decreased from 43.6% as at 31 December 2010 to 36.0% as at 30 June 2011, representing a decrease of 7.6%.

#### **Background and financial information of CCRE Tianming**

As stated in the Letter from the Board, CCRE Tianming was established by Tianming Real Estate and CCRE China for the purpose of engaging in real estate development and sales in Henan Province, the PRC. It was incorporated in the PRC with limited liability on 11 February 2011 and is currently owned as to 50% by CCRE China and 50% by Tianming Real Estate.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the unaudited financial information of CCRE Tianming for the period from 11 February 2011 (its date of incorporation) to 31 October 2011 prepared in accordance with the generally accepted accounting principles in PRC:

	<b>For the period from 11 February 2011 (date of incorporation) to 31 October 2011 (RMB'000)</b>
Revenue	—
Net loss before tax	1,672
Net loss after tax	1,255
	<b>As at 31 October 2011 (RMB'000)</b>
Total assets	2,043,971
Total liabilities	1,945,226
Net assets	98,745

We note that CCRE Tianming has yet to generate any revenue since its incorporation. Net loss after tax for the period from its date of incorporation to 31 October 2011 amounted to approximately RMB1.26 million, which is mainly attributable to the administrative cost incurred during the period. As at 31 October 2011, net assets of CCRE Tianming amounted to approximately RMB98.74 million.

CCRE China and Tianming Real Estate entered into the Cooperation Agreement on 16 January 2011 to cooperate in bidding for the land use right of a parcel of land located at Yulinnan Road, Zhengdong New District (the “Zhengdong New District Land”) (鄭東新區榆林南路) of Zhengzhou, the PRC with a site area of 86,956.57 sq.m. in a public auction held by the Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price of the Zhengdong New District Land is approximately RMB1,960 million and the planned plot ratio is not more than 3.5. CCRE Tianming is the legal and beneficial owner of the Zhengdong New District Land.

### **Information of the Zhengdong New District Land**

The Zhengdong New District Land is located in the east of Zhengzhou and is taking shape as a regional, financial, commercial and transport hub. CCRE Tianming intends to develop the Zhengdong New District Land into high-rise residential and commercial buildings. According to the Company, the Zhengdong New District Land is under construction and is scheduled to be completed in phases from the first quarter of 2013 onwards.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### **Outlook of real estate market in Zhengzhou**

Zhengzhou is the capital of Henan Province as well as the largest city within the province. The central regions in China are currently undergoing rapid development. In particular, the Zhengdong New District Land is an important area in the region and has been positioned as the center of economical development in Henan Province. The Zhengdong New District Land is situated at the heart of the commercial district in Zhengzhou, one of the largest and most prosperous commercial districts in Henan Province.

The economy of Zhengzhou has been growing rapidly. According to the statistical data released in the Zhengzhou Economic and Social Development Statistical Report 2010, the gross domestic product of Zhengzhou increased to approximately RMB400 billion in year 2010, representing an increase of approximately 13% from that of 2009. The total investment in fixed assets has also increased to approximately RMB275.7 billion in 2010, representing an increase of approximately 20.8% from 2009. Sustainable growth is also evidenced by the increase of the annual disposable income of urban resident per capita by 7.2% from 2009 to 2010, which could in turn boost the demand for both residential and commercial properties.

Owing to the intensifying demand for both residential and commercial properties, the property market in Zhengzhou has been expanding rapidly. The investment amount on the real estate properties amounted to approximately RMB77.5 billion in 2010, representing an increase of approximately 50.9%. The total sales area of commodity properties in 2010 amounted to approximately 15.6 million sq.m, representing an increase of 29.8% from 2009.

### **Reasons for and benefits of the Capital Increase**

As mentioned in the announcement issued by the Company on 29 April 2011, CCRE China entered into cooperation agreement with Bridge Trust to establish the Trust for the purpose of raising capital which will be used to invest in the development of the Group's property projects. The Trust was established on 29 April 2011 and has raised fund capital of approximately RMB1,078 million. Recently, the management of the Company and Bridge Trust went through the procedures for identifying potential property projects of the Group for the Trust's investment and consider that CCRE Tianming and its underlying property development project fulfill all the criteria (for instance, the expected return on equity and the project development life cycle) as set out in the cooperation agreement constituting the Trust. The Company considers that the proposed capital injection by the Trust into CCRE Tianming and introduction of the Trust as an equity holder of CCRE Tianming are part of the trust arrangements in respect of the Trust, pursuant to which capital is raised for development of the Group's property projects.

As advised by the Directors, CCRE Tianming is the legal and beneficial owner of the Zhengdong New District Land. Owing to the prime location of the Zhengdong New District Land, CCRE Tianming intends to develop it into high-rise residential and commercial buildings which require substantial capital contribution. At the same time, Bridge Trust has expressed strong interest in participating in its development and intends to be one of the equity holders of CCRE Tianming. The increase in the registered capital of CCRE Tianming will further strengthen its financial position and facilitate the development of the Zhengdong New District Land. As disclosed in the announcement issued by the Company on 4 April 2011, the Group and Bridge Trust entered into a number of agreements whereby the trust capital of the first real estate trust

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

established by Bridge Trust in May 2010 was injected into a number of project companies of the Group and all these companies became jointly-controlled entities of the Company upon completion of the said capital injections.

As mentioned in the interim report of the Company for the six months ended 30 June 2011, the Group's strategy is to focus on long term sustainable development by continuing the current expansion of the property development projects, accelerating the development cycle and fine-tuning by the development schedules for the property projects. As advised by the Directors, the Group's business goal is to reinforce the support from various strategic partners, including the Trust, to develop the property projects of the Group. The Trust is purported to raise capital and develop the existing and the future property projects of the Group. As such, the capital injection by the Trust is in line with the Group's long-term business goal for development of the property projects.

In light of the above, in particular that, (i) the capital injection by the Trust is in line with the Group's long-term business goal; (ii) the increase in the registered capital of CCRE Tianming will facilitate the development of the Zhengdong New District Land; (iii) the Group can maintain its equity interests in CCRE Tianming upon Completion; and (iv) the amount contributed by the respective parties of the Capital Increase Agreement is proportion to their respective equity interests in CCRE Tianming, we consider that the Capital Increase is in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole.

### **Principal terms of the Capital Increase Agreement**

As stated in the "Letter from the Board" in the Circular, the amounts of contribution to be made by each of CCRE China, the Trust and Tianming Real Estate were determined on the basis of normal commercial terms and arm's length negotiations among the parties to the Capital Increase Agreement with reference to their proportion in equity interest in CCRE Tianming. The total amount of capital contribution to be made by CCRE China, the Trust and Tianming Real Estate pursuant to the Capital Increase Agreement represents the additional fund required to settle the purchase price of the Zhengdong New District Land.

#### *(A) Shareholding, registered capital of the CCRE Tianming and capital contribution*

Pursuant to the terms of the Capital Increase Agreement, CCRE China, Bridge Trust and Tianming Real Estate agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000. Out of the total amount of RMB1,400,000,000, CCRE China, Bridge Trust and Tianming Real Estate agreed to contribute RMB700,000,000, RMB600,000,000 and RMB100,000,000 by way of cash respectively. Upon Completion, CCRE Tianming will have a registered capital of RMB1,500,000,000 which will be held as to 50%, 40% and 10% by CCRE China, the Trust and Tianming Real Estate respectively.

In view of the fact that the capital amounts contributed by the respective parties are proportionate to their respective shareholdings of CCRE Tianming, we are of the view that the terms of the Capital Increase Agreement, including the amount of contribution to be made by the respective parties of the Capital Increase Agreement, are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *(B) Profit and loss sharing*

Pursuant to the terms of the Capital Increase Agreement, the article of association of CCRE Tianming will be amended to reflect the introduction of the Trust as an equity holder of CCRE Tianming. In accordance with the revised article of association of CCRE Tianming, the profits, losses, risks and liabilities of CCRE Tianming will be shared by CCRE China, the Trust and Tianming Real Estate in proportional to their respective percentage of equity interests in CCRE Tianming.

### *(C) Composition of the board of CCRE Tianming*

Pursuant to the terms of the Capital Increase Agreement, the board of directors of CCRE Tianming shall comprise five (5) members upon Completion. CCRE China is entitled to nominate two (2) directors, Bridge Trust is entitled to nominate two (2) directors while Tianming Real Estate is entitled to nominate one (1) director. The chairman of the board of directors shall be a director nominated by CCRE China and he or she shall also act as the legal representative of CCRE Tianming. The quorum of meetings of the board of directors of CCRE Tianming shall be two-thirds (2/3) of the members of the board of directors. As confirmed by the Company, certain major decisions relating to the management and operation of CCRE Tianming, including but not limited to the future development of the Zhengdong New District Land, financial and investment plan of the property project, will be subject to the approval of representatives of CCRE China and Bridge Trust in the board of directors of CCRE Tianming.

As noted from the Capital Increase Agreement, the passing of any board resolutions/board decisions of CCRE Tianming must be subject to the approval of a two-third (2/3) majority of the directors present at the meeting. As such, CCRE Tianming will be subject to joint control of the three equity holders and none of CCRE China, the Trust and Tianming Real Estate will have unilateral control over the economic activity of CCRE Tianming based on the composition and decision-making process of the board of directors of CCRE Tianming.

Although CCRE Tianming will cease to be a subsidiary of the Company and will be accounted for as a jointly-controlled entity of the Company based on the composition and decision making process of the board of directors of CCRE Tianming upon Completion, we consider that the composition of the board of CCRE Tianming is fair and reasonable given that (i) neither CCRE China, Bridge Trust nor Tianming Real Estate will have unilateral control over the board of CCRE Tianming; (ii) certain major decisions relating to the management and operation of CCRE Tianming will be subject to the approval of representatives of CCRE China and Bridge Trust in the board meetings of CCRE Tianming and (iii) CCRE Tianming will be accounted for as a jointly-controlled entity of the Company upon Completion which is in line with the Group's previous arrangement with Bridge Trust.

### *(D) Other terms of the Capital Increase Agreement*

We have also reviewed other major terms of the Capital Increase Agreement, including but not limited to, the condition precedents for Completion, termination, force majeure and confidentiality clauses and we are not aware of any terms which are uncommon. Consequently, having considered the above, in particular, (i) the contribution to the registered capital by the parties to the Capital Increase Agreement; (ii) the profit and loss sharing mechanism of CCRE

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tianming and; (iii) the composition of the board of CCRE Tianming, we consider that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned.

### **Financial impacts of the Capital Increase**

Upon Completion, CCRE Tianming will cease to be a subsidiary and will be accounted for as a jointly-controlled entity of the Company. As such, financial results and positions of CCRE Tianming will be deconsolidated from the consolidated financial statements of the Group and will be accounted for by equity method in the consolidated financial statements of the Group.

As advised by the Directors, the Capital Increase would not have a material immediate effect on the earnings and net assets of the Group. Although CCRE China have to contribute RMB700 million to CCRE Tianming pursuant to the Capital Increase Agreement, the cash position of the Group will increase by RMB700 million as CCRE Tianming will repay part of the shareholder's loans of approximately RMB1,400 million to CCRE China after Completion.

It should be noted that the aforementioned analysis are for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon the Completion.

### **RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned. We also consider the entering into the Capital Increase Agreement is in the interests of the Company and the Shareholders as a whole. Therefore, we would advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the resolutions to be proposed to approve the Capital Increase Agreement and the transactions contemplated thereunder if a physical Shareholders' meeting was to be held.

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 their valuation as at 30 November 2011 of the property.*



The Directors  
Central China Real Estate Limited  
Room 7701B-7702A, 77th Floor  
International Commerce Centre  
No. 1 Austin Road West  
Kowloon  
Hong Kong

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

23 December 2011

Dear Sirs,

**RE: A PARCEL OF (GRANTED LAND NO. ZHENG ZHENG DONG CHU (2010)057) LAND LOCATED AT KANGNING AND DONGFENG EAST ROAD, ZHENG DONG NEW DISTRICT, ZHENGZHOU, HENAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (中華人民共和國河南省鄭州市鄭東新區東風東路與康寧路交匯處地塊(出讓土地編號鄭政東出(2010)057號)) (THE "PROPERTY")**

In accordance with your instructions for us to value the property held by 鄭州建業天明置業有限公司 (Zhengzhou Central China Tianming Property Company Limited) (the "Project Company") situated in the People's Republic of China (the "PRC") in which Central China Real Estate Limited (the "Company") has interests, we confirm that we have carried out an inspection, 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 30 November 2011 (the "date of valuation") for public circular purpose.

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 and 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, we have adapted the direct comparison approach by making reference to the comparable sales transactions as available in the market.

We have been provided with copies of extracts of the title documents relating to the property. However, we have not searched 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, tenure, ownership, 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. We have not carried out investigations on site to determine the suitability of the ground conditions and services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expense or delays will be incurred during the construction period.

Our valuation is prepared in compliance with the requirements contained 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 in accordance with 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 the 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**  
**Anthony C K Lau**  
*MRICS MHKIS RPS(GP)*  
*Director*

*Note:* Mr. Lau is a chartered surveyor and has over 19 years’ experience in the valuation of properties in Hong Kong and the PRC.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2011
A parcel of land (Granted Land No. Zheng Zheng Dong Chu (2010)057) located at Kangning and Dongfeng East Road, Zhengdong New District, Zhengzhou, Henan Province, PRC	The property comprises a parcel of land with a site area of approximately 86,956.57 sq.m. (936,001 sq.ft.).  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 ("GFA") of approximately 380,182.00 sq.m. (4,092,279 sq.ft.), the details of which are as follows:	The property is currently a vacant site.	RMB2,031,000,000

Use	Approximate GFA	
	(sq.m.)	(sq.ft.)
Residential	278,052.00	2,992,952
Retail	14,946.00	160,879
Car park	84,630.00	910,957
Ancillary facilities	<u>2,554.00</u>	<u>27,491</u>
<b>Total</b>	<u><b>380,182.00</b></u>	<u><b>4,092,279</b></u>

The land use rights of the property have been granted for a term expiring on 18 April 2081 for residential use.

## Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract No. 豫(鄭)出讓(2011)1001號 (hereinafter referred to as the "Contract") entered into between Zhengzhou City Land and Resources Bureau ("Party A"), Central China Real Estate Group (China) Company Limited (建業住宅集團(中國)有限公司) (hereinafter named "CCRE China") (50%) and Tianming Real Estate Limited (天明地產有限公司) (hereinafter named "Tianming") (50%) (together referred to as "Party B") on 28 January 2011, Party A agreed to grant the land use rights of the property to Party B at a total consideration of RMB1,961,650,000. Details of the Contract are as follows:

- Site area : 86,956.57 sq.m.
- Land use : residential
- Plot ratio : not higher than 3.5 times
- Land use term : due to expire on 18 April 2081
- Building height : maximum 80 meters
- Building density : not higher than 25%
- Greenery ratio : not less than 30%
- GFA of residential unit : 60% of the total GFA shall be less than 90 sq.m. per unit
- Completion date : 18 November 2013

- Pursuant to the 《鄭州市“鄭政東出(2010)057號地塊聯合競買與合作開發協議》(Cooperation Agreement on Joint Bidding and Development for Land Lot No. Zheng Zheng Dong Chu (2010) 057, Zhengzhou City) entered into between CCRE China and Tianming on 16 January 2011, both parties have agreed to set up a project company upon the successful bid of the land. The project company will sign the Modification Agreement of State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同變更協議) (the "Modification Agreement") with Party A.

3. Pursuant to the 《競得土地後成立新公司進行開發的申請》 (Application of New Company Establishment for Development after Successful Bidding of Land) submitted by Party B to Party A before the land auction, Party B set up the Project Company) on 11 February 2011.
4. Party A and Party B signed the Modification Agreement on 18 May 2011, all parties have agreed to change the name of the purchaser of the property to the Project Company without any change of other terms and conditions of the Contract.
5. As advised by the Company, the Project Company is in the process of applying for the State-owned Construction Land Use Rights Certificate.
6. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:
  - i. Party B jointly bidded the land lot No. Zheng Zheng Dong Chu (2010) 057 on 17 January 2011, and then signed the Contract as stated in Note 1 above with Party A on 28 January 2011. On 28 February 2011, the land premium as stipulated in the Contract was fully paid. All such jointly bidding and signature of the Contract were in compliance with the regulation and law, in terms the rights on above issues of Party B are protected under the PRC law;
  - ii. Pursuant to the Modification Agreement as mentioned in Note 2 above entered into among the Project Company, Party B and Party A on 18 May 2011, the Project Company has obtained the land use rights of the property according to the Contract and its Modification Agreement. There shall be no legal impediment for the Project Company to obtain the State-owned Construction Land Use Rights Certificate; and
  - iii. The Project Company is entitled to use, occupy, lease, mortgage or dispose by other legal means of the land use rights of the property within the residual land use term after obtaining the State-owned Construction Land Use Rights Certificate.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular 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	1,146,315,639 <i>(Note 1)</i>	47.21%
		Beneficial owner	8,560,420 <i>(Note 3)</i>	0.35%
Wang Tianye	Long position	Interest in a controlled corporation	16,568,131 <i>(Note 2)</i>	0.68%
		Beneficial owner	4,613,400 <i>(Note 3)</i>	0.19%
Lim Ming Yan	Long position	Beneficial owner	2,563,000 <i>(Note 3)</i>	0.11%
Leow Juan Thong Jason	Long position	Beneficial owner	1,537,800 <i>(Note 3)</i>	0.06%
Yan Yingchun	Long position	Beneficial owner	3,588,200 <i>(Note 3)</i>	0.15%

*Notes:*

1. Mr. Wu Po Sum has a controlling interest in Joy Bright and is therefore deemed to be interested in the 1,146,315,639 Shares held by Joy Bright for the purposes of the SFO.
2. Mr. Wang Tianye has a controlling interest in Super Joy and is therefore deemed to be interested in the 16,568,131 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 share option schemes of the Company.

**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](http://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/ underlying Shares interested	Approximate percentage of interest in the Company's issued share capital
Joy Bright ( <i>Note 2</i> )	Beneficial owner	1,146,315,639	47.21%
Mr. Wu Po Sum ( <i>Note 2</i> )	Interest in a controlled corporation	1,146,315,639	47.21%
CapitaLand (Cayman) ( <i>Note 3</i> )	Beneficial owner	658,116,228	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	658,116,228	27.11%
CapitaLand Residential Limited ("CapitaLand Residential") ( <i>Note 3</i> )	Interest in a controlled corporation	658,116,228	27.11%
CapitaLand Limited ("CapitaLand") ( <i>Note 3</i> )	Interest in a controlled corporation	658,116,228	27.11%

\* For identification purposes only

Name	Capacity and nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company's issued share capital
Temasek Holdings (Private) Limited (Note 3)	Interest in a controlled corporation	658,116,228	27.11%
FV Green Alpha Two Limited (Note 4)	Beneficial owner	298,566,476	12.30%

*Notes:*

- The percentage shareholdings are based on a total of 2,428,000,000 Shares in issue as at the Latest Practicable Date.
- Mr. Wu Po Sum holds 100% of the entire issued share capital of Joy Bright and will be deemed to be interested in the 1,146,315,639 Shares held by Joy Bright for the purposes of the SFO.
- 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 40.9% 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 658,116,228 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.
- On 5 August 2009, the Company entered into a subscription agreement with FV Green (the "Subscription Agreement") 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 68,338,594 Shares. On 28 June 2011, the Company completed the rights issue pursuant to which 428,000,000 right shares were allotted and issued. Hence the conversion price of the Convertible Bonds and the Warrants were adjusted to HK\$2.984 per Share (31 December 2010: HK\$3.1 per Share) and HK\$3.947 per Share (31 December 2010: HK\$4.10 per Share) which were made in accordance with the terms of the Convertible Bonds and the Warrants respectively. Based on the conversion price of HK\$2.984 per Share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 230,227,882 Shares (the "Conversion Shares"). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 Shares (the "Warrant Shares") at the exercise price of HK\$3.947 per Share. As at the date of this report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green.

#### 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 2011, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Cheung Shek Lun and Mr. Wang Shi has signed a letter of appointment of the independent non-executive Directors for a term of three years commencing from 6 June 2011, and Mr. Xin Luo Lin has signed a letter of appointment of the independent non-executive Director for a term of three years commencing from 1 March 2010, 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 2010 (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. EXPERTS AND CONSENTS

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

<b>Name</b>	<b>Qualifications</b>
Bridge Partners Capital Limited (“ <b>Bridge Partners</b> ”)	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills Valuation and Professional Services Limited (“ <b>Savills</b> ”)	independent property valuer

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 2010 (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 references 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 2010, 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. 7701B–7702A, 77th Floor, International Commence Centre, 1 Austin Road West, 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. Chu Wai Ming Benson who is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, Certified Tax Advisor and the Taxation Institute of Hong Kong.
- (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 page 11 of this circular;
- (b) the letter from the Independent Financial Adviser, the text of which are set out on page 12 to 20 of this circular;
- (c) the written consents from the experts referred to under the section headed “Experts and Consents” in this Appendix;
- (d) the valuation report from Savills, the text of which is set out in Appendix I to this circular;
- (e) the Directors’ service contracts and letters of appointment;
- (f) the Capital Increase Agreement; and
- (g) this circular.