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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

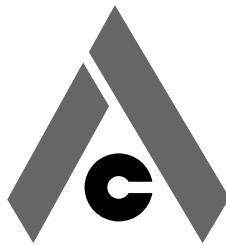
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**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.

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**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)

**DISCLOSEABLE TRANSACTION**

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A letter from the Board of the Company is set on pages 1 to 6 of this circular.

16 December 2008

\* *For identification purposes only*

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## DEFINITIONS

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

“14 November Announcement”	the announcement issued by the Company on 14 November 2008 in relation to the entry into the MOU and the transactions thereunder;
“2 December Announcement”	the announcement issued by the Company on 2 December 2008 in relation to the entry into the SPA and the transactions thereunder;
“Acquisition”	the acquisition of 35% equity interest in the JVC by CCRE China from Yinshang Holdings at a consideration of approximately RMB76.18 million (equivalent to approximately HK\$86.46 million);
“Benchmark Price”	the benchmark price (基準地價). As advised by the PRC legal counsel to the Company, the benchmark price is the average sale price in respect of certain land as at a particular time, which is assessed by the relevant PRC authorities after considering the use, tenure and other relevant factors in relation to such land. Generally, the benchmark price is announced by the PRC governmental authorities periodically, has the function of guidance and reference to land prices in the real estate market but does not have any binding effect;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“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 on 22 May 1992 in the PRC and is an indirect wholly owned subsidiary of the Company;

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## DEFINITIONS

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“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;
“Consideration”	the consideration of the Acquisition, which is approximately RMB76.18 million (equivalent to approximately HK\$86.46 million);
“Director(s)”	the director(s) of the Company;
“Good Faith Deposit”	a good faith deposit of RMB30 million paid by CCRE China to Shangqiu Huarun Investment Company Limited* (商丘華潤投資有限公司) (who received the same on behalf of Yinshang Holdings) in order to show CCRE China’s desire to participate in the property project in respect of the Project Land;
“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;
“Independent Third Party(ies)”	any person(s) or company(ies) and its/their ultimate beneficial owner(s) who or which is or are independent of, and not connected with the Group and the connected persons (as defined under the Listing Rules) of the Company;
“Joy Bright”	Joy Bright Investments Limited (恩輝投資有限公司), the controlling Shareholder of the Company which was a limited liability company incorporated on 11 May 2006 in the BVI and is wholly owned by Mr. Wu Po Sum;
“JVC”	Shangqiu Jianye Huarun Zhiye Company Limited* (商丘建業華潤置業有限公司), a limited liability company which was incorporated in the PRC on 21 November 2008;

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## DEFINITIONS

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“Land Valuer”	Shangqiu Xinbang Land Valuation Company Limited* (商丘市信邦土地評估有限公司), an independent PRC property valuer who conducted the valuation on the Project Land (excluding the buildings and fixtures erected thereon);
“Latest Practicable Date”	11 December 2008, 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;
“MOU”	the non-legally binding memorandum of understanding in relation to the Acquisition entered into by CCRE China and Yinshang Holdings on 14 November 2008;
“No. 16 Notice”	“The Notice in respect of the Announcement of the Updated Results of the Benchmark Price in Shangqiu City” (The People’s Government of Shangqiu City Shang Zheng (2003)(16)) (商丘市人民政府商政(2003)16號文件《關於公佈商丘城市市區基準地價更新平衡結果的通知》), which was promulgated by the People’s Government of Shangqiu City in January 2003;
“PRC”	the People’s Republic of China;
“Pre-IPO Share Option Scheme”	the share option scheme approved and adopted by the Company on 14 May 2008, the principal terms of which are summarised in the section headed “Statutory and General Information — Pre-IPO Share Option Scheme” in Appendix VII to the Prospectus;
“Project Land”	a piece of land situated at the west of Shenhua Dadao Road and the south of Shuyuan Road in Shangqiu City, Henan Province, which occupies a site area of approximately 222,666 sq.m. and whose land use right certificate is held by Yinshang Holdings on the date of the SPA;

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## DEFINITIONS

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“Prospectus”	the prospectus of the Company dated 26 May 2008;
“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);
“SPA”	a share purchase agreement in relation to the Acquisition dated 25 November 2008;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“sq.m.”	square metre(s);
“Yinshang Holdings”	Shangqiu Yinshang Holdings Company Limited* (商丘市銀商控股有限責任公司), a limited liability company incorporated in the PRC on 13 November 2001; and
“%”	per cent.

*In this circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.135.*

*\* For identification purposes only*

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## LETTER FROM THE BOARD

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建業地產股份有限公司<sup>\*</sup>  
**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

*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

16 December 2008

*To the Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION

### INTRODUCTION

On 2 December 2008, it was announced that CCRE China entered into the SPA with Yinshang Holdings on 25 November 2008 in relation to the Acquisition, pursuant to which, among others, CCRE China agreed to acquire 35% equity interest in the JVC from Yinshang Holdings at a consideration of approximately

<sup>\*</sup> *For identification purposes only*

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## LETTER FROM THE BOARD

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RMB76.18 million (equivalent to approximately HK\$86.46 million). Upon completion of the Acquisition, the JVC will be owned by CCRE China and Yinshang Holdings as to 65% and 35% respectively and will be accounted for as a subsidiary of the Company.

According to Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company. The purpose of this circular is to provide you with further details relating to the Acquisition and other information as required under the Listing Rules.

### BACKGROUND

References are made to (i) the 14 November Announcement in relation to the MOU entered into between CCRE China and Yinshang Holdings on 14 November 2008; and (ii) the 2 December Announcement in relation to the SPA entered into between CCRE China and Yinshang Holdings on 25 November 2008.

The JVC was established on 21 November 2008 in the PRC and is, as of the date of the SPA, owned by Yinshang Holdings and CCRE China as to 70% and 30% respectively.

### THE SPA IN RELATION TO THE ACQUISITION

**Date:** 25 November 2008

**Parties:** Yinshang Holdings (as vendor)  
CCRE China (as purchaser)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of the SPA, Yinshang Holdings and its ultimate beneficial owners are Independent Third Parties who are independent of the Company and connected persons (as defined under the Listing Rules) of the Company. Prior to the completion of the Acquisition, Yinshang Holdings held 70% equity interest in the JVC. Save as disclosed above and for the Acquisition, there is no other business relationship between Yinshang Holdings and the Company.



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## LETTER FROM THE BOARD

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### Major terms of the SPA

- (1) CCRE China will acquire 35% equity interest in the JVC from Yinshang Holdings at a consideration of approximately RMB76.18 million (equivalent to approximately HK\$86.46 million).
- (2) CCRE China and Yinshang Holdings agreed that the Good Faith Deposit shall be converted into the initial installment of the Consideration. Shangqiu Huarun Investment Company Limited\* (商丘華潤投資有限公司), the controlling shareholder of Yinshang Holdings, also issued a separate letter to CCRE China confirming that (i) the Good Faith Deposit was received from CCRE China on 2 July 2008; (ii) the Good Faith Deposit will be converted into the initial installment of the Consideration according to the SPA.
- (3) As security for its performance under the SPA, Yinshang Holdings agreed to pledge (the “**Pledge**”) 20.3% equity interest in the JVC to CCRE China when the initial and the second installments of the Consideration (approximately RMB44.19 million) are fully paid up by CCRE China. The Pledge shall be released on the date on which all the filings and registrations with the relevant PRC authorities in relation to the Acquisition are completed.
- (4) Upon the completion the Acquisition, the JVC will be 65% owned by CCRE China and 35% owned by Yinshang Holdings.

### Payment of the Consideration

The Consideration for the Acquisition will be paid in cash by internal resources in three installments as follows:

- (1) The initial installment (RMB30 million) of the Consideration was fully paid up on the date of the SPA by way of conversion of the Good Faith Deposit;
- (2) The second installment (approximately RMB14.19 million) of the Consideration will be paid within 10 days after the date of establishment of the JVC;
- (3) The remaining balance (approximately RMB31.99 million) of the Consideration will be paid within 10 days after the date on which the land use right of the Project Land has been transferred from Yinshang Holdings to the JVC.

As confirmed by the Directors, the initial and second installments were paid to Yinshang Holdings in full as of the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **Basis for determination of the Consideration**

In connection with and in compliance with the relevant PRC laws and regulations relating to Yinshang Holdings' capital contribution of RMB70 million by way of transferring the Project Land to the JVC, independent property valuers were instructed by Yinshang Holdings to conduct property valuations on the land and the buildings and fixtures erected on the Project Land, whose aggregate assessed value is approximately RMB70 million (the "**Assessed Aggregate Value**").

As confirmed by the Land Valuer, the valuation of the land of the Project Land was made with reference to the Benchmark Price published by the People's Government of Shangqiu City in January 2003 in respect of the district where the Project Land is located. The Land Valuer further advised that according to the No. 16 Notice which was promulgated by the People's Government of Shangqiu City in January 2003, the Benchmark Price for the Project Land is RMB260 per sq.m.

In the course of the determination of the Consideration, the Directors confirm that the following factors were taken into account by the parties to the SPA:

- (1) the No. 16 Notice was promulgated more than 5 years ago and considering the substantial increase in property prices in the PRC since 2003, the Benchmark Price may not fairly reflect the current market price of the Project Land;
- (2) the aforesaid property valuations were performed in compliance with the relevant provisions under the PRC Company Law relating to Yinshang Holdings' capital contribution to the JVC by way of transferring the Project Land thereto;
- (3) as advised by the PRC legal counsel to the Company, there is no requirement under the PRC laws and regulations that the Consideration must be determined based on or with reference to the results of a valuation and the parties to the SPA may agree upon the Consideration through negotiations;
- (4) the parties to the SPA made reference to the land transaction price for certain land located at the vicinity of the Project Land which is approximately RMB676 per sq.m.; and
- (5) the Group is keen to increase its landbank in Shangqiu City and is optimistic about the future growth of the residential demand in Shangqiu City.

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## LETTER FROM THE BOARD

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Taking into account the factors set out above, CCRE China and Yinshang Holdings agreed after arm's length negotiations that the aggregate value of the Project Land (including the buildings and fixtures erected thereon) shall be approximately RMB127 million (the "Agreed Value") (that is, approximately RMB570.36 per sq. m.) for the purpose of the Acquisition, which is nearly 81% higher than the Assessed Aggregate Value. The Directors are of view that the Agreed Value adequately and fairly reflects the current market value of the Project Land (including the buildings and fixtures erected thereon).

The total consideration paid by CCRE China in respect of 65% equity interest in the JVC amounts to RMB106.18 million, which was determined with reference to 65% of the aggregate contributed asset value of approximately RMB157 million (including the Agreed Value and CCRE China's initial contribution of RMB30 million for 30% equity interest in the JVC) attributable to 65% of the equity interest in the JVC.

### INFORMATION ABOUT THE GROUP AND CCRE CHINA

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

CCRE China is a wholly foreign-owned enterprise with limited liability which was incorporated on 22 May 1992 in the PRC and is an indirect wholly owned subsidiary of the Company. It is mainly engaged in real estate development and sales and real estate investment in Henan Province.

### INFORMATION ABOUT YINSHANG HOLDINGS

Yinshang Holdings is a limited liability company incorporated in the PRC on 13 November 2001 and is mainly engaged in the real estate development in the PRC.

### INFORMATION ABOUT THE JVC

The JVC is a limited liability company incorporated in the PRC on 21 November 2008 with a registered and paid up capital of RMB100 million and RMB20 million respectively as at the date of the SPA and is mainly engaged in the real estate development in the PRC. As advised by the Directors, the JVC is established for the purpose of developing the Project Land.

The JVC was incorporated on 21 November 2008 and no turnover or profit/loss was recorded since then.

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## LETTER FROM THE BOARD

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### REASONS FOR THE ACQUISITION

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

Shangqiu City is a prefecture-level city located in Henan Province, the PRC. The Project Land is situated at the west of Shenhua Dadao and the south of Shuyuan Road in Shangqiu City. The Directors consider that there will be great development potential in the property market in Shangqiu City and that the acquisition of further equity interest in the JVC and therefore the Project Land will enrich the Group's landbank and will bring forth immense development potential and opportunity for the Group.

The Directors also consider that the terms of the SPA are fair and reasonable and in the interests of the Shareholders and that the Acquisition is in the ordinary and usual course of business of the Group, is a viable investment, will broaden the asset and earnings base of, and will be beneficial to the Group and the Shareholders as a whole.

### DISCLOSEABLE TRANSACTION

As the consideration ratio calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to the notification, announcement and dispatch of circular requirements as set out in the Listing Rules.

### EFFECTS OF THE ACQUISITION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon completion of the Acquisition, there will not be any material impact on the net asset value as well as the assets and liabilities of the Group. Moreover, since the development of the Project Land has not been commenced, it will not bring positive contribution to the earnings of the Group for the financial year ending 31 December 2008.

### FURTHER INFORMATION

Your attention is drawn to the additional information as set out in the Appendix.

Yours faithfully,  
By Order of the Board  
**Central China Real Estate Limited**  
**Wang Tianye**  
*Director and Chief Executive Officer*

## 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 <i>(Note 1)</i>	47.21%
		Beneficial owner	6,350,000 <i>(Note 3)</i>	0.32%

Wang Tianye	Long position	Interest in a controlled corporation	13,647,555 <i>(Note 2)</i>	0.68%
		Beneficial owner	2,500,000 <i>(Note 3)</i>	0.13%
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. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme is set forth in the section headed “Statutory and General Information — Pre-IPO Share Option Scheme” in Appendix VII to the Prospectus.

### 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 interested	Approximate percentage of interest in the Company's issued share capital (Note 1)
Joy Bright (Note 2)	Beneficial owner	944,246,820	47.21%
Mr. Wu Po Sum (Note 2)	Interest in a controlled corporation	944,246,820	47.21%
CapitaLand LF (Cayman) Holdings Co., Ltd. ("CapitaLand (Cayman)") (Note 3)	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") (Note 3)	Interest in a controlled corporation	542,105,625	27.11%
CapitaLand Residential Limited ("CapitaLand Residential") (Note 3)	Interest in a controlled corporation	542,105,625	27.11%
Temasek Holdings (Private) Limited (Note 3)	Interest in a controlled corporation	542,105,625	27.11%

*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. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or substantial shareholders of the Company 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 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 aforesaid 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. 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.

## **7. GENERAL**

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in the PRC is located at No. 88, Jianye City Garden, Jianye Road, Zhengzhou City, Henan Province, the PRC.
- (c) The 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.
- (d) 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.
- (e) 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.
- (f) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

\* *For identification purposes only*