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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board (the "Board") of directors (the "Directors" and each a "Director") of Central China Real Estate Limited (the "Company" or "CCRE") announces the consolidated results (the "Annual Results") of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009. The Annual Results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2009 on behalf of the board of directors of the Company (the "Board").

In 2009, while the world's major economies were still in recession, China's economy maintain its vibrancy and become the first to recover, posting a 8.7% year-on-year increase in its gross domestic product ("GDP"). Benefiting from the central government's effective fiscal stimulus measures and continued strong domestic consumption, China's property market rapidly recovered. During the report period, China's land market was active, with prime land sites being transacted at record prices.

Although property prices in coastal and first-tier cities showed some signs of "over-heating", the recovery of the property market in Henan appeared to be mild, once again indicating that properties in the region are driven mainly by end-user rather than speculative demand.

As the property market in Henan was picking up at a slower pace, the Company remained cautious and slowed down the development of certain projects. Coupled with lower revenue from commercial properties sales as compared to 2008, the Company's results in 2009 declined to some extent. The Board believes that given the completion of the strategy-planning stage, the pace of market development and the growth potential of the Company, the next three to five years is a crucial phase as the Company brings its strategic geographic expansion in Henan to fruition, and balancing market scale and corporate interests. Adhere to its "Regional Strategy", Henan will remain the Company's principal market. Nevertheless, the Company will also evaluate growth opportunities outside the Henan province that complement the Company's Henan businesses.

The Company remained committed to enhancing the quality of its products and services, and developing new core competencies. The year of 2009 was regarded as the Company's "Carving Mission Enhancement Year" (琢玉計劃升級年) which emphasized product quality and service standards. As a result of its strategic geographical layout in eighteen Henan prefecture-level cities, the Company gradually established a customer network that spans across the entire Henan providing a full range of services allowing all property owners to experience and share the unique value offered by CCRE's regional strategy.

In 2009, the Company had also successfully issued a 5-year HK$765 million convertible bond to FOUNTAINVEST and WEST HILL. Together with onshore and offshore facilities, the Company was able to secure land at a favourable prices, adding over 3 million sq.m. of land to its land reserves. This provides a strong foundation for the Company's future earnings growth.

Currently, China's market is stabilizing as it consolidates. With the central government's support for home-ownership and home upgrading property purchases and efforts in improving its people's livelihood as well as acceleration of urbanisation of second and third tier cities, we expect huge and real demand as well as long-term growth in China's property sector. While the National Development and Reform Commission promulgated the "Plan for Promoting the Rise of Central China" (促進中部地區崛起規劃) and the construction of city clusters in central part of China are in full swing, all prefecture-level cities in Henan have also shown signs of booming in their economies. With rising consumption and purchasing power in certain major Henan cities, we are confident that our development projects in the third-tier cities including Luoyang and Kaifeng will also contribute more significantly to the Company's performance as a result of our successful expansion into new markets. At the same time, the Company's brand reputation and high-quality products have increasingly gained market recognition.

The Company is equipped with sound project preparation, and management as well as land reserves for its next phase of growth. The Board expects the Company's scale in terms of GFA commenced, completed and sold in the next two to three years to exceed 2 million sq.m.. Profitability and steady growth will continue to underpin the Company's leading position in the Henan market.

I wish to thank our staff members and management for their dedication and hard work. We also extend our sincere gratitude to our shareholders, customers and members of the public who have shown interest in our business and generously given their support. We remain committed to excel in the property market in the central part of China by delivering outstanding results and earnings, and will continually strive, with greater passion, for the healthy and sustained development and growth of the real estate industry in China.

Wu Po Sum
Chairman
25 March 2010

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2009 (Expressed in Renminbi)

	Note	**2009**	2008
	Note	***RMB'000***	*RMB'000*
Turnover	4	**2,739,831**	3,226,996
Cost of sales		**(1,788,249)**	(1,988,764)
Gross profit		**951,582**	1,238,232
Other revenue	5	**41,964**	30,752
Other net income	5	**21,541**	18,548
Selling and marketing expenses		**(113,285)**	(97,484)
General and administrative expenses		**(164,708)**	(152,867)
Other operating expenses		**(19,292)**	(20,271)
Profit from operations		**717,802**	1,016,910
Share of loss of an associate		**(2,831)**	(2,983)
Finance costs	6(a)	**(66,080)**	(53,144)
Profit before change in fair value of investment properties and income tax		**648,891**	960,783
Change in fair value of investment properties		**2,461**	(1,400)
Profit before taxation	6	**651,352**	959,383
Income tax	7	**(223,221)**	(304,454)
Profit for the year		**428,131**	654,929
Attributable to:			
Equity shareholders of the Company		**405,326**	653,301
Minority interests		**22,805**	1,628
Profit for the year		**428,131**	654,929
Earnings per share			
— Basic *(RMB cents)*	9	**20.27**	32.67
— Diluted *(RMB cents)*	9	**20.15**	32.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009 (Expressed in Renminbi)

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**428,131**	654,929
Other comprehensive income/(loss) for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**2,659**	(11,727)
Total comprehensive income for the year	**430,790**	643,202
Attributable to:		
Equity shareholders of the Company	**407,749**	640,605
Minority interests	**23,041**	2,597
Total comprehensive income for the year	**430,790**	643,202

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009

(Expressed in Renminbi)

	Note	**2009**	2008
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**244,163**	211,209
Investment properties	10	**264,400**	254,584
Interest in an associate		**19,471**	22,302
Other financial assets		**15,800**	15,400
Deferred tax assets		**19,294**	3,309
		563,128	506,804
Current assets			
Properties for sale		**5,247,446**	4,803,837
Trade and other receivables	11	**275,625**	223,103
Deposits and prepayments		**1,146,004**	343,568
Prepaid tax		**42,474**	27,520
Restricted bank deposits		**506,989**	409,797
Cash and cash equivalents		**2,364,987**	927,721
		9,583,525	6,735,546

	Note	2009 RMB'000	2008 RMB'000
Current liabilities			
Bank loans	12	**982,154**	488,790
Other loans	13	**95,640**	123,950
Trade and other payables and accruals	14	**2,040,030**	1,940,923
Receipts in advance		**1,770,122**	947,270
Tax payable		**157,141**	106,842
		5,045,087	3,607,775
Net current assets		**4,538,438**	3,127,771
Total assets less current liabilities		**5,101,566**	3,634,575
Non-current liabilities			
Bank loans	12	**790,662**	444,417
Other loans	13	**372,880**	36,790
Convertible bonds	15	**551,288**	—
Deferred tax liabilities		**67,043**	63,446
		1,781,873	544,653
NET ASSETS		**3,319,693**	3,089,922

CAPITAL AND RESERVES

Share capital	**179,637**	179,637
Reserves	**2,944,720**	2,760,495
Total equity attributable to equity shareholders of the Company	**3,124,357**	2,940,132
Minority interests	**195,336**	149,790
TOTAL EQUITY	**3,319,693**	3,089,922

Notes:

1 BASIS OF PRESENTATION

Central China Real Estate Limited ("the Company") was incorporated in the Cayman Islands on 15 November 2007 and registered as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business is at Room 1008, Concordia Plaza, No.1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries ("the Group") are principally engaged in property development in Henan Province in the People's Republic of China ("the PRC").

Pursuant to a reorganisation of the Group completed on 14 May 2008 ("the Reorganisation") to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange") ("the Listing"), the Company became the holding company of the subsidiaries comprising the Group. The shares of the Company were listed on the Stock Exchange on 6 June 2008.

The Group is regarded as a continuing entity resulting from the Reorganisation under common control. The consolidated financial statements of the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2008 or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

2 CHANGES IN ACCOUNTING POLICIES

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, explanation has been included in the financial statements which explains the basis of preparation of the information.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

As a result of amendments to HKAS 40, Investment property, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. The adoption of the new policy leads to an increase in net assets of the Group as at 31 December 2009 and profit attributable to equity shareholders of the Group for the year ended 31 December 2009 by RMB2,336,000, representing the increase in fair value of RMB3,115,000 net of related deferred tax of RMB779,000.

3 SEGMENT REPORTING

Services from which reportable segments derive their revenue

In prior years, segment information reported externally was analysed on the basis of the types of services provided by the Group (i.e. property development, property leasing and construction contracts). However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 and believes that this presentation provides more relevant information than that previously shown under HKAS 14.

Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan Province in the PRC.

4 TURNOVER

The principal activities of the Group are property development, property leasing and construction.

Turnover of the Group for the year is analysed as follows:

	2009	2008
	RMB'000	*RMB'000*
Property sales	**2,659,942**	3,000,993
Property leasing	**22,084**	19,393
Construction	**57,805**	206,610
	2,739,831	3,226,996

5 OTHER REVENUE AND NET INCOME

	2009	2008
	RMB'000	*RMB'000*
Other revenue		
Interest income	**39,009**	29,628
Dividend income from unlisted equity securities	**1,163**	1,124
Government subsidies	**1,792**	—
	41,964	30,752

	2009	2008
	RMB'000	*RMB'000*

Other net income

Net gain on disposals of property, plant and equipment	**16,012**	172
Gain on disposal of a subsidiary	**7,474**	—
Net exchange (loss)/gain	**(296)**	20,041
Realised loss on trading securities	**(275)**	—
Compensation to contractors	**(1,374)**	(1,665)
	21,541	18,548

6 PROFIT BEFORE TAXATION

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

	2009	2008
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank loans	**99,706**	77,233
Interest on other loans	**37,203**	16,897
Interest on convertible bonds *(note 9(b))*	**17,688**	—
Interest on advances from customers	**8,022**	15,901
Other ancillary borrowing costs	**6,978**	6,060
	169,597	116,091
Less: Borrowing costs capitalised	**(100,221)**	(62,947)
	69,376	53,144
Net change in fair value of derivatives embedded to convertible bonds *(note 15 & 9(b))*	**(3,296)**	—
	66,080	53,144

		2009	2008
		RMB'000	*RMB'000*
(b)	Staff costs:		
	Salaries, wages and other benefits	**106,821**	100,724
	Including:		
	Retirement scheme contributions	**4,979**	4,928
	Equity settled share-based payment expenses	**8,343**	6,604

		2009	2008
		RMB'000	*RMB'000*
(c)	Other items:		
	Depreciation and amortisation	**12,011**	9,660
	Impairment loss on other receivables	**—**	4,182
	Impairment loss on property, plant and equipment	**5,440**	—

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2009	2008
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**184,021**	142,777
PRC Land Appreciation Tax	**51,585**	96,117
Withholding tax on dividends declared by the PRC foreign investment enterprise	**—**	22,500
	235,606	261,394
Deferred tax		
Revaluation of properties	**283**	(1,308)
Tax losses	**—**	47,677
Other temporary differences	**(12,668)**	(3,309)
	(12,385)	43,060
	223,221	304,454

(i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

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

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

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

Certain subsidiaries of the Group were subject to CIT calculated based on the deemed profit which represents 10% to 15% (2008: 10% to 15%) of their revenue in accordance with the authorised taxation method （核定徵收） pursuant to the applicable PRC tax regulations. The tax rate was 25% (2008: 25%) on the deemed profit. Other PRC subsidiaries of the Group, which were subject to the audited taxation method （查賬徵收）, were charged CIT at a rate of 25% (2008: 25%) on the estimated assessable profits for the year.

(iv) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT（《中華人民共和國土地增值税暫行條例》）effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT （《中華人民共和國土地增值税暫行條例實施細則》）effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties（普通標準住宅）if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain subsidiaries of the Group were subject to LAT which is calculated based on 1.5% to 3.5% (2008: 1.5% to 3.5%) of their revenue in accordance with the authorised taxation method.

(v) Withholding tax

A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of PRC foreign investment enterprises earned after 1 January 2008. During the year, the PRC foreign investment enterprise of the Group has not declared dividend in relation to the profits earned after 1 January 2008 and no withholding tax on the dividend was charged to the consolidated income statement for current year. In addition, the PRC foreign investment enterprise of the Group has no intention to declare dividend from its profits earned during the year. In this regard, no deferred tax liabilities in relation to withholding tax were recognised.

8 DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Dividends declared and paid prior to the Listing	**—**	152,000
Final dividend proposed after the balance sheet date of HK$6.8 cents (equivalent to RMB6 cents) (2008: HK$ 11 cents (equivalent to RMB9.6917 cents)) per ordinary share	**120,000**	193,834
	120,000	345,834

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

Dividends declared prior to the Listing presented in 2008 represent dividends declared by subsidiaries of the Company to their then shareholders prior to the Reorganisation. The dividend rates and number of shares ranking for the dividends declared and paid prior to the Listing are not presented as such information is not meaningful having regard to the purpose of the financial statements.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to equity shareholders of the Company of RMB405,326,000 (2008: RMB653,301,000) and the weighted average number of ordinary shares of 2,000,000,000 shares. The number of shares adopted in the calculation of basic earnings per share for 2008 represented the 2,000,000,000 ordinary shares in issue as at 31 December 2008 as if the shares were in issue throughout the entire year ended 31 December 2008.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2009 is based on the profit attributable to equity shareholder of the Company of RMB419,718,000 and the weighted average number of ordinary shares of 2,082,483,429 shares, calculated as follows:

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

	2009
	RMB'000
Profit attributable to equity shareholders	**405,326**
After tax effect of effective interest on the liability component of convertible bonds *(note 6(a))*	**17,688**
After tax effect of gain recognised on derivatives embedded to convertible bonds *(note 6(a))*	**(3,296)**
Profit attributable to equity shareholders (diluted)	**419,718**

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

	2009
	'000
Weighted average number of ordinary shares at 31 December	**2,000,000**
Effect of conversion of convertible bonds	**82,483**
Weighted average number of ordinary shares at 31 December (diluted)	**2,082,483**

The Company's pre-IPO share options as at 31 December 2009 and 2008 and warrants as at 31 December 2009 do not give rise to any dilution effect to the earnings per share.

10 INVESTMENT PROPERTIES

All investment properties of the Group were revalued as at 31 December 2009 by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on an open market value basis. The completed investment properties are valued by reference to net income with allowance for reversionary income potential. For investment properties under development, their valuations are conducted by reference to the residual value approach taking into account comparable market transactions and any future construction costs required for the completion of the development.

11 TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Bills receivable	**290**	300
Trade receivables *(Note (a))*	**2,950**	5,082
Other receivables	**142,647**	120,734
Amounts due from related companies	**112,637**	89,226
Gross amount due from customers for contract work	**—**	7,761
Derivative financial instruments	**17,101**	—
	275,625	223,103

Notes:

(a) The ageing analysis of trade receivables, all of which are neither individually nor collectively considered to be impaired, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Current or less than 1 month overdue	**443**	813
1 to 3 months overdue	**130**	952
3 to 6 months overdue	**250**	577
6 months to 1 year overdue	**786**	695
More than 1 year overdue	**1,341**	2,045
	2,950	5,082

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

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

12 BANK LOANS

(a) At 31 December 2009, the bank loans were repayable as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 1 year	**982,154**	488,790
After 1 year but within 2 years	**646,226**	424,417
After 2 years but within 5 years	**144,436**	20,000
	790,662	444,417
	1,772,816	933,207

(b) At 31 December 2009, the bank loans were secured as follows:

	2009	2008
	RMB'000	*RMB'000*
Bank loans		
— secured	**1,656,594**	759,314
— unsecured	**116,222**	173,893
	1,772,816	933,207

At 31 December 2009, assets of the Group secured against bank loans are analysed as follows:

	2009	2008
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**1,852,163**	739,310
Restricted bank deposits	**60,000**	100,000
	1,912,163	839,310

(c) The effective interest rates of bank loans of the Group at 31 December 2009 were ranged from 5.31% - 9.18% (2008: 4.86% - 11.00%) per annum.

13 OTHER LOANS

(a) At 31 December 2009, other loans were repayable as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 1 year	**95,640**	123,950
After 1 year but within 2 years	**119,010**	36,790
After 2 years but within 5 years	**253,870**	—
	372,880	36,790
	468,520	160,740

(b) At 31 December 2009, the other loans were secured as follows:

	2009	2008
	RMB'000	*RMB'000*
Other loans		
— secured *(notes (i) and (ii))*	**391,880**	120,740
— unsecured	**76,640**	40,000
	468,520	160,740

Notes:

(i) Included in secured other loans is a total amount of RMB7,640,000 (2008: RMB80,740,000) in relation to the trust arrangements with a trust company. Under these trust arrangements, the trust company injected paid-in capital to certain subsidiaries and the legal titles of these shares were transferred to the trust company. The Group committed to repurchase while the trust company has the obligations to sell such shares within pre-set periods. The trust company does not entitle to any profit distributions from these subsidiaries but receives fixed interest income periodically or at the end of the trust period. Such paid-in capital is classified as other loans in the financial statements.

At 31 December 2009, 48.01% (2008: 48.01%) interests in CCRE Zhumadian was registered under the name of the trust company. The 74.56% interests in CCRE Luoyang were legally transferred back to the Group upon expiry of the trust management.

(ii) Secured other loans were secured by assets of the Group as follows:

	2009	2008
	RMB'000	*RMB'000*
Properties held for future development and under development for sales	**250,439**	—

Apart from the above, secured other loans with carrying amount of RMB40,000,000 (2008: RMB40,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB141,262,000 (2008: RMB167,325,000) at 31 December 2009.

(iii) The effective interest rates of other loans of the Group at 31 December 2009 were ranged from 6.30% - 14.00% (2008: 6.30% - 15.70%) per annum.

14 TRADE AND OTHER PAYABLES AND ACCRUALS

	2009 *RMB'000*	2008 *RMB'000*
Bills payable	**265,004**	180,433
Trade payables *(Note (a))*	**806,226**	675,566
Other payables and accruals	**688,491**	702,625
Amounts due to related companies	**32**	32
Amounts due to minority interests	**158,437**	382,267
Gross amount due to customers for contract work	**36,380**	—
Derivative financial instruments	**85,460**	—
	2,040,030	1,940,923

At 31 December 2009, included in trade and other payables and accruals are retention payable of RMB107,996,000 (2008: RMB89,997,000) which are expected to be settled after more than one year.

Notes:

(a) An ageing analysis of trade payables are set out as follows:

	2009 *RMB'000*	2008 *RMB'000*
Due within 1 month or on demand	**698,230**	585,569
Due after 1 year	**107,996**	89,997
	806,226	675,566

15 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 (the "convertible bonds") and 76,097,561 warrants (the "warrants"). The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment.

Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments.

In addition to the above, the Company may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date, provided that the closing price of the shares of the Company for each of the thirty consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 130% of the conversion price of HK$3.1 per share. If the Company early redeems the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The holders of the convertible bonds can require the Company to early redeem all the convertible bonds at any time from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date. If the Company is required to early redeem the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The redemption call and redemption put options are separately accounted for at fair value at the initial recognition date and 31 December 2009 as derivative financial instruments.

The movements of different components of the convertible bonds/warrants are set out below:

	Liability component of the convertible bonds	Redemption call option	Redemption put option	Equity component of the convertible bonds	Warrant reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 15(a))	*(Note 15(b))*	*(Note 15(c))*	*(Note 15(d))*	*(Note 15(d))*	
Proceeds from issuance of the convertible bonds	546,305	(15,897)	87,768	43,298	11,943	673,417
Transaction costs	(1,661)	48	(267)	(132)	(37)	(2,049)
Net proceeds	544,644	(15,849)	87,501	43,166	11,906	671,368
Interest and transaction costs amortised	6,650	—	—	—	—	6,650
Change in fair value *(Note 6(a))*	—	(1,253)	(2,043)	—	—	(3,296)
Exchange difference	(6)	1	2	—	—	(3)
At 31 December 2009	551,288	(17,101)	85,460	43,166	11,906	674,719

(a) Liability component of convertible bonds represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 9.6% per annum for the year ended 31 December 2009.

At 31 December 2009, the liability component of convertible bonds was repayable as follows:

	The Group and the Company	
	2009	2008
	RMB'000	*RMB'000*
After two years but within five years	**551,288**	—

(b) Redemption call option represents the fair value of the Company's option to early redeem all of the convertible bonds.

(c) Redemption put option represents the fair value of the options of the holders of the convertible bonds to early redeem all of the convertible bonds.

(d) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds and the redemption call and put options.

16 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2009 not provided for in the financial statements are as follows:

	2009	2008
	RMB'000	*RMB'000*
Authorised but not contracted for	**6,690,626**	7,955,669
Contracted but not provided for	**1,758,903**	1,695,217
	8,449,529	9,650,886

Capital commitments mainly related to land and development costs for the Group's properties under development and investment in subsidiaries.

17 MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2009, major related party transactions entered by the Group are as follows:

	Note	**2009** *RMB'000*	2008 *RMB'000*
Sales of properties	(a)	**93,978**	296,173
Rental expenses	(b)	**461**	461
Interest expenses	(c)	**7,366**	—

(a) During the year, the Group sold commercial properties at a consideration of RMB93,978,000 (2008: RMB296,173,000) to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The unsettled amount at 31 December 2009 amounted to RMB112,347,000 (2008: RMB88,851,000). The outstanding amount is unsecured, interest free and recoverable on demand.

(b) The amount represented rental expenses for the office of the Group paid to a related company, in which Mr Wu Po Sum has significant interest.

(c) The amount represented interest expenses in relation to an advance from minority interests of a subsidiary which is interest bearing at 12% per annum.

18 COMPARATIVE FIGURES

As a result of adopting HKAS 1 (revised 2007), Presentation of financial statements, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

(I) Review on the Market and the Company's Business

1. Macro-economy

Despite the slumping economic growth in 2008, China's economy successfully recovered from the economic downturn with the assistance of the stimulus package, and was the first to recover from the global financial crisis. In 2009, China's GDP reached RMB33,535.3 billion, representing a year-on-year increase of 8.7%. A particularly strong year-on-year economic growth of 10.7% was recorded in the fourth quarter.

In 2009, Henan Province strictly implemented the stimulus package launched by the central government to cope with the global financial crisis. As a result, Henan's GDP increased by 10.7% year-on-year to RMB1,936.7 billion, which was 2 percentage points above the national average.

2. Property market

In 2009, under the combined effects of a number of factors such as low interest rates, full credit support and strong underlying demand, China's property market showed significant rebound. Property prices rocketed in some cities given the robust demand for investment and upgrade. The GFA of commodity properties sold and revenue from the sales of commodity properties posted a year-on-year increase of 42.1% and 75.5% respectively for the year. As the major market of the business development of the Company, the real estate market of Henan Province is mainly driven by demand from end-users, with lower demand for investment, resulting in smaller housing price bubble. This is reflected by the fact that major indicators of Henan's property market significantly lagged behind the national average. The GFA of commodity properties sold increased by 35.9% year-on-year to 43,369,000 sq.m., which was 6.2 percentage points below the national average growth rate. In addition, the revenue from the sales of commodity properties increased by 54.9% year-on-year to RMB115.622 billion, which was 20.9 percentage points below the national average growth rate.

(II) Project Development

During the reporting period, the Company continued to enhance its product innovation and service quality through implementation of the “Carving Mission”, which in turn laid a solid foundation for the next phase of business expansion in the region. In 2009, newly commenced GFA and completed GFA of the Company were 950,843 sq.m. and 690,993 sq.m. respectively. A total GFA of 869,726 sq.m. was sold/pre-sold with a sale/pre-sale value of RMB3,618 million, representing a year-on-year increase of 6.1% over 2008.

(1) Development schedule

During the reporting period, the Company commenced construction of 19 projects or phases, with newly commenced GFA of 950,843 sq.m., representing a year-on-year decrease of 15.9% over 2008. This was primarily due to the relatively slow pace of recovery in Henan market, which prompted the Company to adjust the development scales of different phases of certain projects.

Geographical breakdown of newly commenced projects for 2009

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	250,699
Other cities in Henan Province	700,144
Total	950,843

As at 31 December 2009, the Company had 26 projects or phases under development, including 8 projects in Zhengzhou and 18 projects in other cities, with a total GFA of approximately 1,295,061 sq.m..

Geographical breakdown of projects under development as at 31 December 2009

Location	GFA under development *(sq.m.)*
Zhengzhou	375,176
Other cities in Henan Province	919,885
Total	1,295,061

During the reporting period, the Company had completed the construction of 11 projects or phases. The total completed GFA was 690,993 sq.m., with saleable GFA of 677,837 sq.m.. The total GFA sold during the reporting period was 459,388 sq.m., with a pre-sale rate of 67.8%.

Completed projects in 2009

Project	Total GFA Completed *(sq.m.)*	Saleable GFA *(sq.m.)*	Pre-sold/ sold GFA *(sq.m.)*
Champagne Garden (Zhengzhou)			
Mid-rise	66,276	66,276	41,587
Forest Peninsula (Shangjie, Zhengzhou)			
Phase I	50,237	50,133	27,380
Gentlest Lake (Luoyang) Phase II	82,404	82,334	66,382
Forest Peninsula (Sanmenxia)	116,704	111,441	41,031
Forest Peninsula (Xinyang) Phase II	66,505	64,219	40,202
Jianye Sweet-Scented Osmanthus			
Garden (Shangqiu) Phase III	40,133	40,133	28,380
Huayang Square (Luoyang) Project	139,911	136,783	111,607
Forest Peninsula (Zhoukou)			
Phase I Low-rise	30,596	29,813	22,761
Forest Peninsula (Jinlong, Xinxiang)			
Villa	22,388	21,630	19,161
Forest Peninsula (Jiaozuo)			
Phase III Villa, Commercial	7,470	7,470	2,626
Forest Peninsula (Kaifeng) Phase I	68,369	67,605	58,271
Total	690,993	677,837	459,388

(2) Sales schedule

During the reporting period, the Company sold/pre-sold 869,726 sq.m. with a total sale/pre-sale value of RMB3,618 million, representing an increase of 6.1% over 2008.

Geographical breakdown of sale/pre-sale for the year ended 31 December 2009

Location	**Approximate saleable areas sold** *(sq.m.)*	**Approximate total amount** *(RMB'000)*
Zhengzhou	172,369	1,096,721
Other cities in Henan Province	697,357	2,520,899
Total	869,726	3,617,620

(3) Land reserves

In 2009, the Company adopted various means of land acquisitions such as equity acquisition, public bidding, cooperations etc. according to different conditions of international and domestic economy as well as real estate markets. As at 31 December 2009, the Company had land reserves with a total GFA of 9,860,000 sq.m., and obtained the land use right certificates in respect of 6,280,000 sq.m of such land.

(4) Major equity acquisitions

1. Further acquisition of interests in Huayang Square (Luoyang) Project to 74.99%

   On 25 May 2009, Central China Real Estate Holdings Limited ("CCRE Holdings"), an indirect wholly-owned subsidiary of the Company entered into a share transfer agreement with Brightest Group Limited ("Brightest Group"), pursuant to which CCRE Holdings agreed to acquire 9.99% shareholding in Artstar Investments Limited ("Artstar Investments") along with interests in the shareholder's loan from Brightest Group at a consideration of RMB75,000,000. Upon completion of the said acquisition, CCRE Holdings's interests in Artstar Investments increased to 74.99% while the shareholding of Mass Million International Limited ("Mass Million") and Superb East Investments Limited ("Superb East") in Artstar Investments remained unchanged at 10.01% and 15% respectively. As Luoyang Zhongya Real Estate Development Company Limited ("Luoyang Zhongya") is a wholly-owned subsidiary of Artstar Investments, CCRE Holdings has thus increased its interests in Huayang Square (Luoyang) Project to 74.99% upon completion of the said acquisition. Luoyang Zhongya is currently developing Huayang Square (Luoyang) Project.

2. Further acquisition of interests in Huayang Square (Luoyang) Project to 95%

   On 25 August 2009, CCRE Holdings entered into agreements with each of Mass Million and Superb East, pursuant to which CCRE Holdings agreed to acquire 10.01% and 10% equity interest in Artstar Investments held by Mass Million and Superb East at a consideration of HK$50 million and HK$50 million respectively. Upon completion of the acquisition, Mass Million no longer holds any equity interest in Artstar Investments while Superb East will continue to hold 5% equity interest in Artstar Investments. As Luoyang Zhongya is a wholly-owned subsidiary of Artstar Investments, CCRE Holdings has thus increased its interests in Huayang Square (Luoyang) Project further to 95%.

BUSINESS OUTLOOK

(I) Market Outlook

1. Macro-economy

Driven by the expansionary policies adopted by major economies in the globe, the world's economy has shown clear signs of recovery. Recently, the Chinese government has made clear its aims to consistently and continuously implement the macro-economic policy and proactive fiscal policy and moderately relax monetary policy, and adhere to the policy of adjusting the economic structure primarily by means of boosting domestic consumption. The improvement in external economic environment and the stability of the country's internal macro-economic policy have provided favourable conditions for China's economic development. Although China still faces complicated situations brought by the unstable world economy and sluggish external demand, it is expected that China's economy will gradually be back on track to its steady growth in 2010.

In recent years, Henan Province has managed to show its competitive advantages in terms of fundamentals, geographical location, costs and market conditions over other regional economies. Henan's economic growth continuously outpaces the national average, and it is expected that the situation will continue in 2010.

2. Real estate market

To cool the overheated housing market in some cities, the Chinese government implemented a series of macro-control measures by the end of 2009 to suppress market demand for investment and speculative purposes. Pressure on housing price adjustment exists in cities where the price surged dramatically in 2009. Since the real estate sector is regarded as one of the pillar industries that drives the growth of China's economy and the exports remain weak, the Chinese government tries to boost domestic consumption to ensure its economic growth. The Company expects that the control measures taken by the Chinese government in respect of the property sector will take into consideration the nation's economic growth. Therefore, it is expected that China's property market will continue to develop in a relatively steady growth in 2010.

As the development of Henan's property market started late, demand of properties for investment and speculative purposes is minimal. As such, the macro-control measures which are designed specifically for curbing investment and speculation in the property sector will not have any significant impact on Henan's property market. Further, policies that focusing on developing small and medium-sized cities and small urban areas in China have been implemented progressively. Thus, it is a rare opportunity and a historical moment for Henan's property market. In 2010, it is expected that Henan's property market will continue to register a steady growth.

(II) Business Planning

In 2010, in order to strengthen its core competitiveness and continue to stay ahead of the market, the Company will keep striving for enhanced management efficiency and corporate profitability. Moreover, the Company will further optimise the current management framework, thereby ensuring effective operation and allowing simplier and more efficient management at the same time. Meanwhile, the Company will proactively look into the possibility of housing industrialization, step up its research efforts in low carbon residences and green residences, continuously perfect and diversify its product portfolio and establish a service system aiming to provide its major customers with services that are of the highest quality. By maintaining stable investment income for investors and offering a promising career path to our staff, we hope to live up to our vision of creating a win-win scenario for investors, the society and our staff.

(1) It is expected that the Group will commence development of 30 projects/phases with a GFA of 2,000,078 sq.m. in 2010.

Geographical breakdown of newly commenced projects for 2010

Location	**Total GFA** *(sq.m.)*	**Proportion** *(%)*
Zhengzhou	264,899	13.2%
Other cities in Henan Province	1,735,179	86.8%
Total	2,000,078	100.0%

(2) It is expected that the development of 28 projects/phases of the Group will be completed in 2010, with an aggregate completed GFA of 1,276,240 sq.m.. Taking advantages of the recovery of the market, the Company is committed to put forward its scheme to improve products and services to meet operation targets set for 2010.

Expected completion of constructions in 2010

Project	**Total GFA** *(sq.m.)*
One City (Zhengzhou)	108,921
Forest Peninsula (Zhengzhou) Phase IV	37,941
Champagne Garden (Zhengzhou) (high-rise)	19,053
Jianye Maple Garden (Zhengzhou)	83,690
U-Town (Zhengzhou) Phase V first batch	40,901
U-Town (Zhengzhou) Phase VII	92,800
Zhengzhou Xiangsheng Garden	44,497
Kaifeng Water System Project Phase I	16,091
One City (Luoyang) Phase I	47,700
Forest Peninsula (Anyang) Phase I	12,416
Forest Peninsula (Hebi) Phase I	30,422
Forest Peninsula (Xinxiang Golden Dragon) Phase I second batch	10,662
Jianye City (Puyang) Phase IV	21,985
Forest Peninsula (Luohe) Phase III	99,165
One City (Luohe) Phase I	76,367
Sweet-Scented Osmanthus Garden Phase IV	19,030
U-Town (Shangqiu) Phase I	41,703
Forest Peninsula (Zhoukou) Phase I (high-rise)	7,411
Forest Peninsula (Zhoukou) Phase II	29,322
Forest Peninsula (Zhumadian) Phase V	89,445
Forest Peninsula (Xinyang) Phase III	30,141
One City (Jiyuan) Phase I	23,944

Expected completion of constructions in 2010 *(cont'd)*

Project	Total GFA *(sq.m.)*
Huayang Square (Luoyang) Phase II	133,898
Jianye City Garden (Kaifeng) Phase II	15,973
Kaifeng Zhengkai Forest Peninsula Phase II	78,771
Kaifeng Zhengkai Forest Peninsula Phase VI	13,212
Kaifeng Zhengkai Forest Peninsula Phase VII	19,010
Yuzhou Shenhou Project	31,769
Total	1,276,240

FINANCIAL REVIEW

Turnover: In 2009, the Group's turnover was RMB2,740 million (including RMB2,660 million from the sale of commodity properties), representing a decrease of RMB487 million, or approximately 15.1%, as compared to RMB3,227 million in 2008, mainly due to:

(1) a 8.4% decrease in total GFA sold, from 722,390 sq.m. in 2008 to 662,067 sq.m. in 2009;

(2) a 3.2% decrease in average selling price, from RMB4,151 per sq.m. in 2008 to RMB4,018 per sq.m. in 2009.

Cost of sales: The Group's cost of sales decreased by RMB201 million, or approximately 10.1%, from RMB1,989 million in 2008 to RMB1,788 million in 2009. The decrease was primarily due to the decrease in the total GFA of properties sold. Cost of sales mainly includes land costs, construction costs and capitalised interest.

Gross profit margin: The Group's gross profit margin was 34.7% in 2009, slightly dropped from 38.4% as compared with last year. This is mainly attributable to the decrease in the proportion of commercial properties sold in 2009 (from 28.0% in 2008 to 14.9% in 2009), which usually enjoyed a higher profit margin.

Other revenue: Other revenue from operations increased by RMB11 million, from RMB31 million in 2008 to RMB42 million in 2009, primarily attributable to the increase in interest income from advance to a third party.

Other net income: Other net income increased by RMB3 million or 16.1%, from RMB19 million in 2008 to RMB22 million in 2009, primarily attributable to the gain of RMB16 million from the disposal of properties, plants and equipment and the gain of RMB7 million from the disposal of subsidiaries in 2009, which was partially offset by the decrease in the exchange gain of RMB20 million arising from bank loans denominated in foreign currencies.

Selling and marketing expenses: Selling expenses increased to RMB113 million in 2009 from RMB97 million in 2008, representing an increase of RMB16 million, which was mainly due to an increase in advertising and promotion expenses of RMB9 million for our new properties developed for sale and an increase of RMB7 million in commission paid to staff.

General and administrative expenses: General and administrative expenses increased from RMB153 million in 2008 to RMB165 million in 2009, representing an increase of RMB12 million or 7.7%, primarily as a consequence of the increase in depreciation and amortization reflecting our greater investment in fixed assets as a result of our expansion, an increase in property management fee paid and a donation made in relation to a project.

Other operating expenses: Other operating expenses decreased by RMB1 million, from RMB20 million in 2008 to RMB19 million in 2009, mainly due to a decrease of RMB6 million in property compensation paid for the cancellation of a rental agreement and a decrease of RMB3 million in donation, which was partially offset by a RMB3 million increase in repair and maintenance expenses for our existing projects and a RMB5 million increase in impairment incurred for one of our fixed assets.

Share of loss of an associate: Amount represented share of loss on its investment in St. Andrews Golf Club (Zhengzhou) Company Limited as operating expenses incurred by that company in its early stages before revenue was generated. No material fluctuation was recorded.

Finance costs: Finance costs increased by RMB13 million to RMB66 million in 2009, as compared to RMB53 million in 2008. This was mainly due to a RMB53 million increase in gross borrowings costs as a result of higher borrowings for additional projects and the issue of convertible bonds during the year, which was partially offset by a RMB37 million increase in the capitalisation of our borrowing costs and a RMB3 million net change in fair value of derivative embedded in convertible bonds.

Changes in fair value of investment properties: The fair value of the Group's investment properties increased by approximately RMB2 million in 2009, which mainly reflected current market conditions. Market values of the Group's investment properties basically remained stable.

Income tax: Income tax includes CIT, LAT and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. The Group's income tax decreased by RMB81 million, or 26.7%, from RMB304 million in 2008 to RMB223 million in 2009, while the effective tax rate increased from 31.7% in 2008 to 34.3% in 2009. The decrease in income tax was the result of the decrease in revenue caused by the decrease in total GFA completed and sold in 2009 over 2008. However, the effective tax rate soared because most of the Company's profitable subsidiaries used the authorised taxation method (which applies revenue rather than assessable profit to calculate a company's tax) for tax computation. As our gross profit margin decreased in 2009, the effective tax rate increased.

Profit for the year: The profit attributable to the equity shareholders of the Group decreased by 38.0% to RMB405 million as compared to RMB653 million in 2008, mainly attributable to less GFA sold, lower average selling price and lower gross profit margin for 2009.

Financial resources and utilisation: As at 31 December 2009, the Group's cash and cash equivalents amounted to RMB2,365 million (31 December 2008: RMB928 million). During the year, the Group distributed a dividend of RMB194 million to the shareholders of the Group in relation to profit attributable to the year ended 31 December 2008.

Structure of Borrowings and Deposits

The Group continues to adopt a prudent financial policy and centralises its funding and financial management. It continues to maintain a high cash-on-hand ratio and also a reasonable level of gearing. As at 31 December 2009, the Group's bank and other loans were RMB1,773 million and RMB469 million respectively and the repayment schedule was as follows:

Repayment schedule	**2009** *(RMB'000)*	2008 *(RMB'000)*
Bank loans		
Within one year	**982,154**	488,790
More than one year, but not exceeding two years	**646,226**	424,417
More than two years, but not exceeding five years	**144,436**	20,000
	1,772,816	933,207
Other loans		
Within one year	**95,640**	123,950
More than one year, but not exceeding two years	**119,010**	36,790
More than two years, but not exceeding five years	**253,870**	—
	468,520	160,740
Convertible bonds	**551,288**	—
Total borrowings	**2,792,624**	1,093,947
Deduct:		
Cash and cash equivalents	**(2,364,987)**	(927,721)
Restricted bank deposits secured against bank loans	**(60,000)**	(100,000)
Net borrowings	**367,637**	66,226
Shareholders' equity	**3,124,357**	2,940,132
Net gearing ratio *(%)*	**11.8%**	2.3%

Pledge of assets: As at 31 December 2009, the Group had pledged buildings, projects under construction, properties held for future development and under development, completed properties for sales and bank deposits with an aggregate carrying amount of RMB1,912 million to secure general bank credit facilities granted to the Group.

Financial guarantees: As at 31 December 2009, the Group provided guarantees of approximately RMB2,473 million to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties.

Capital commitment: As at 31 December 2009, the Group had contractual commitments, the performance of which was underway or ready, in respect of property development amounting to RMB1,759 million, and the Group had authorised, but not yet contracted for, a further RMB6,691 million in expenditure in respect of property development.

Foreign Exchange Risk: The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The major non- RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("H.K. dollar"). The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of the Group's foreign currency transactions and balances are denominated in U.S. dollar. The Group currently does not have any foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

Interest rate risks: The interest rates for a portion of the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new and existing loans. The Group currently does not use derivative instruments to hedge its interest rate risks.

Human resources and remuneration policy: As at 31 December 2009, the Group employed 950 staff (31 December 2008: 1,093 staff). During 2009, the staff cost of the Group was approximately RMB107 million (2008: RMB101 million), representing an increase of 5.9%.

Staff cost includes basic salary, share-based payment and welfare. Employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan and pregnancy insurance plan. The Group also provides a series of benefits to its employees, including housing allowances, medical insurances and transportation allowances. Employees of the Group are engaged according to employment contracts. Annual performance appraisals are conducted by the Group for its employees, the results of which are applied in annual salary reviews and promotion assessments. Employees are granted annual bonus according to certain performance conditions and appraisal results. Commission is paid only to the Group's sales staff. The Group reviews staff remuneration packages for its staff annually. The Group also benchmarks its remuneration packages against similar positions of its peers in order to maintain competitiveness in the human resources market.

OTHER INFORMATION

Dividend

The Board has proposed a final dividend for 2009 at HK$6.8 cents per share. The proposed dividend, if approved by the shareholders at the annual general meeting (the "AGM") of the Company to be held on Tuesday, 18 May 2010, will be paid to the shareholders on Tuesday, 25 May 2010, whose names appear on the register of members on Tuesday, 18 May 2010. The proposed final dividend has not been reflected in the financial statements as at 31 December 2009.

Annual General Meeting

The AGM will be held on Tuesday, 18 May 2010 and the notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Closure of Register of Members

The register of members will be closed from Tuesday, 11 May 2010 to Tuesday, 18 May 2010 both days inclusive. In order to establish entitlements to the proposed final dividend which is to be approved in the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 10 May 2010.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries and its jointly controlled entities purchased, redeemed or sold any of the Company's listed securities.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code for the year ended 31 December 2009.

Compliance with the Code on Corporate Governance Practices

The Company is committed to good corporate governance practices and procedures including a quality Board, sound internal control, transparency and accountability to its shareholders. It has also complied with the Code on Corporate Governance Practices as stated in Appendix 14 to the Listing Rules throughout the year ended 31 December 2009.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationships with external auditors, the Company's financial reporting, the internal control and risk management system, and there was no disagreement by the Audit Committee or the external auditors on the accounting policies adopted by the Company.

The Audit Committee comprises Mr. Cheung Shek Lun (the chairman of the Audit Committee), Mr. Xin Luo Lin (appointed on 1 March 2010) and Mr. Fang Fenglei (resigned on 18 December 2009) who are independent non-executive Directors and Mr. Leow Juan Thong Jason who is a non-executive Director.

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2009 and considers that the Company has complied with all applicable accounting standards and requirements and made adequate disclosure.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Remuneration Committee comprises an executive Director, Mr. Wu Po Sum (the chairman of the Remuneration Committee) and two independent non-executive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin (appointed on 1 March 2010) and Mr. Fang Fenglei (resigned on 18 December 2009). The principal responsibilities of the Remuneration Committee include reviewing and making recommendation to the Board on the Company's policies, remuneration structure and remuneration packages of Directors and senior management of the Group.

The Remuneration Committee has reviewed the compensation payable to all Directors and members of senior management in accordance with the contractual terms and considers that such compensation is fair and not excessive to the Company.

Publication of the Audited Annual Results and the Annual Report

The annual results announcement is published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.centralchina.com. The Company's annual report for the year ended 31 December 2009 will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 25 March 2010

As at the date of this announcement, the executive Directors are Mr. Wu Po Sum, Mr. Wang Tianye and Ms. Yan Yingchun; the non-executive Directors are Mr. Lim Ming Yan, (alternate director: Mr. Lucas Ignatius Loh Jen Yuh) Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wallis Wu; and the independent non-executive Directors are Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin.

* *For identification purposes only*