



Report of the Directors

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2009.

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 6 March 2007.

The shares of the Company were listed on the Stock Exchange on 9 October 2007.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in property development and property investment.

An analysis of the Group's turnover and operating profit for the year ended 31 December 2009 by principal activities is set out in note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2009 and the state of affairs of the Group as at 31 December 2009 are set out in the consolidated financial statements on pages 65 to 135.

The Directors recommended the payment of a final dividend of RMB3.3 cents per ordinary share and a special dividend of RMB1.7 cents per ordinary share to the shareholders on the register of members on 11 June 2010, amounting to approximately RMB86.2 million and RMB44.4 million respectively and the retention of the remaining profit for the year of approximately RMB195.7 million (2008: Nil).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.



Report of the Directors (continued)

Convertible Notes

On 9 February 2007, a subsidiary of the Company issued convertible notes of an aggregate principal amount of US\$140.0 million and on 9 October 2007, this subsidiary redeemed convertible notes in the aggregate amount of US\$80.0 million. Details of movements during the year in the convertible notes of the Group are set out in note 27 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

For the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Closure of Register of Members

The register of members of the Company will be closed from 9 June 2010 (Wednesday) to 11 June 2010 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend and for attending and voting at the 2010 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 8 June 2010 (Tuesday).

Reserves

Details of the movement in reserves during the year are set out in the section "Consolidated Statement of Changes in Equity" of the consolidated financial statements.

Financial Summary

A five-year financial summary of the Group is set out on pages 136.





Report of the Directors (continued)

Directors

The Directors of the Company during the year and up to the date of this report, were as follows:

Executive Directors

Mr. Guo Zi Wen (*chairman & chief executive officer*)

Mr. Guo Zi Ning

Mr. Hu Da Wei

Mr. Lam Kam Tong

(appointed on 25 September 2009)

Ms. Xin Zhu

(appointed on 25 September 2009)

Mr. Zheng Jian Jun

(resigned on 24 September 2009)

Non-executive Directors

Mr. Wu Jie Si (*vice chairman*)

(re-designated from an executive Director to a non-executive Director on 24 December 2009)

Mr. Paul Steven Wolansky (*vice chairman*)

Mr. Leung Ping Chung, Hermann
(*Mr. Leung is also the alternate Director of
Mr. Paul Steven Wolansky*)

Mr. He Jian Bing

(resigned on 24 September 2009)

Independent non-executive Directors

Mr. Ma Kwai Yuen

Mr. Song Xian Zhong

Mr. Tsui King Fai

In accordance with the Company's Articles, Mr. Guo Zi Ning, Mr. Leung Ping Chung, Hermann and Mr. Song Xian Zhong will retire from office by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming AGM. In addition, Mr. Lam Kam Tong and Ms. Xin Zhu shall retire from office and, being eligible, offer themselves for re-election as Directors at the forthcoming AGM.

The Company has received, from each of the independent non-executive Directors namely Mr. Ma Kwai Yuen, Mr. Song Xian Zhong and Mr. Tsui King Fai, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Directors' Service Contracts

Each of Mr. Guo Zi Wen and Mr. Guo Zi Ning has entered into a service contract with the Company for a term of three years commencing from 3 April 2007, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Mr. Hu Da Wei has entered into a service contract with the Company for an appointed term from 8 April 2008 to 2 April 2010, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of Mr. Lam Kam Tong and Ms. Xin Zhu has entered into a service contract with the Company for a term of three years with effect from 25 September 2009, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing.



Report of the Directors (continued)

Mr. Paul Steven Wolansky and Mr. Leung Ping Chung, Hermann, being the non-executive Directors of the Company have entered into a letter of appointment with the Company and are appointed for a specific term commencing from 3 April 2007 which may be extended for such period as the Company and Mr. Wolansky and Mr. Leung may agree in writing. Mr. Wu Jie Si, re-designated as the non-executive Director of the Company, has entered into a letter of appointment with the Company for a term of one year with effect from 24 December 2009, and which may be extended thereafter for such period as the Company and Mr. Wu may agree in writing.

Each of the independent non-executive Directors of the Company has entered into a letter of appointment with the Company and is appointed for a specific term commencing from 13 September 2007 which may be extended for such period as the Company and the Director may agree in writing.

All the Directors are subject to retirement by rotation and re-election at AGM of the Company pursuant to its Articles.

Apart from the foregoing, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Other than as disclosed in note 10 to the consolidated financial statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

In order to eliminate competing business with the Group, on 20 September 2007, Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen, entered into a deed of non-competition with the Company.

As at the date of this report, none of the Directors are considered to have any interest, either direct or indirect, in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

In compliance with the deed of non-competition signed on 20 September 2007, Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner hereby make an annual declaration on his/her compliance with the non-competition undertaking.

Group's Emolument Policy

The Company's policy on determining the emolument payable to Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. To enable the Remuneration Committee to give better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.





Directors' and Chief Executives' Interests in Securities

As at 31 December 2009, the interests of Directors and chief executives of the Company and their associates in the equity or debt securities of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) 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 taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares and Underlying Shares under Equity Derivatives of the Company:

Name of Director/ Chief Executive	Number of shares		Aggregate interest	Approximate percentage of the issued share capital
	Ordinary shares interests held by controlled corporations	Underlying shares (under equity derivatives of the Company) (Note 3)		
Director				
Mr. Guo Zi Wen	1,154,325,000 (Note 1)	—	1,154,325,000	44.18%
Mr. Leung Ping Chung, Hermann	293,175,000 (Note 2)	10,000,000 (Note 4)	303,175,000	11.60%
Mr. Paul Steven Wolansky	293,175,000 (Note 2)	—	293,175,000	11.22%
Mr. Wu Jie Si	—	20,000,000	20,000,000	0.77%
Mr. Guo Zi Ning	—	10,000,000 (Note 4)	10,000,000	0.38%
Mr. Lam Kam Tong	—	6,000,000	6,000,000	0.23%
Mr. Ma Kwai Yuen	—	300,000	300,000	0.01%
Mr. Song Xian Zhong	—	300,000	300,000	0.01%
Mr. Tsui King Fai	—	300,000	300,000	0.01%
Chief Executive				
Mr. Wu Chen	—	10,000,000	10,000,000	0.38%



Report of the Directors (continued)

Notes:

- (1) *These 1,154,325,000 ordinary shares are registered in the name of Ace Rise Profits Limited. Ace Rise Profits Limited is held by Sturgeon Limited, which is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. As at the date of this report, the beneficiaries of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.*
- (2) *These 293,175,000 ordinary shares are registered in the name of Cathay Sino Property Ltd., which is wholly-owned by Cathay Capital Holdings, L.P. Cathay Capital Holdings, L.P. is managed by its general partner, Cathay Master GP, Ltd. which in turn is owned as to 45% by Mr. Paul Steven Wolansky as trustee and 10% by a company wholly-owned by Mr. Leung Ping Chung, Hermann.*
- (3) *Details of share options held by the Directors are shown in the section of "Share Options".*
- (4) *The end of exercise period of the share options held by Mr. Guo Zi Ning and Mr. Leung Ping Chung, Hermann was on 31 December 2009.*

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporation as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of the Directors of the Company or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2009.





Report of the Directors (continued)

Share Options

On 13 September 2007, the Company adopted a share option scheme (the “Scheme”). Details of the options granted by the Company pursuant to the Scheme and the options lapsed and outstanding for the year ended 31 December 2009 were as follows:

	Number of share options				Date of grant	Exercise period	Exercise price per share HK\$	Closing price of share immediate before date of grant HK\$
	As at 1 January 2009	Granted during the year	Lapsed during the year	As at 31 December 2009				
Director								
Mr. Wu Jie Si	10,000,000	—	—	10,000,000	18 Jul 2008	18 Jul 2008 to 14 Jul 2011	5.2	1.73
	10,000,000	—	—	10,000,000	18 Jul 2008	18 Jul 2008 to 14 Jul 2011	1.79	1.73
Mr. Guo Zi Ning	10,000,000	—	—	10,000,000 (Note 1)	18 Jul 2008	18 Jul 2008 to 31 Dec 2009	1.79	1.73
Mr. Leung Ping Chung, Hermann	10,000,000	—	—	10,000,000 (Note 1)	18 Jul 2008	18 Jul 2008 to 31 Dec 2009	1.79	1.73
Mr. Lam Kam Tong	3,000,000	—	—	3,000,000	1 Dec 2008	1 Dec 2008 to 30 Nov 2011	2.00	0.66
	3,000,000	—	—	3,000,000	1 Dec 2008	1 Dec 2008 to 30 Nov 2011	0.638	0.66
Mr. Ma Kwai Yuen	—	300,000	—	300,000	25 Sep 2009	25 Sep 2009 to 24 Sep 2012	1.40	1.35
Mr. Song Xian Zhong	—	300,000	—	300,000	25 Sep 2009	25 Sep 2009 to 24 Sep 2012	1.40	1.35
Mr. Tsui King Fai	—	300,000	—	300,000	25 Sep 2009	25 Sep 2009 to 24 Sep 2012	1.40	1.35
Mr. Zheng Jian Jun (former executive Director who resigned on 24 September 2009)	1,069,000	—	1,069,000	—	23 Oct 2007	(Note 2)	6.55	6.39
Chief Executive								
Mr. Wu Chen	10,000,000	—	—	10,000,000	25 Sep 2008	25 Sep 2008 to end of his service contract with the Company	0.90	0.85
Others								
Employees	2,482,000	—	496,400 (Note 3)	1,985,600	23 Oct 2007	(Note 2)	6.55	6.39
	59,551,000	900,000	1,565,400	58,885,600				

No share options were exercised during the year.

Notes:

- (1) The end of exercise period of the share options held by Mr. Guo Zi Ning and Mr. Leung Ping Chung, Hermann was on 31 December 2009.
- (2) 20% of the total number of share options granted to the grantee — from the date the Company announced its 2007 annual results (i.e. 15 April 2008) to 31 December 2008.

30% of the total number of share options granted to the grantee — from the date the Company announces its 2008 annual result, on condition that the Board of Directors of the Company has confirmed that the Company has met the 2008 profit forecasts as set by the Board of Directors of the Company and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company, to 31 December 2009.

50% of the total number of share options granted to the grantee — from the date the Company announces its 2009 annual result, on condition that the board of directors of the Company has confirmed that the Company has met the 2009 profit forecasts as set by the Board of Directors of the Company and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company, to 31 December 2010.
- (3) The end of exercise period of 496,400 share options was on 31 December 2008.



Report of the Directors (continued)

Substantial Shareholders' Interests

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2009, the shareholders, other than the Directors or the chief executives of the Company, who had interests or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of shares	Voting power (%) (approximate)
Ace Rise Profits Limited ⁽¹⁾	Beneficial owner	1,154,325,000	44.18%
Credit Suisse Trust Limited ⁽¹⁾	Trustee	1,154,325,000	44.18%
Mr. Guo Zi Wen ⁽¹⁾	Settlor/Beneficiary of The Golden Jade Trust	1,154,325,000	44.18%
Ms. Jiang Miner ⁽¹⁾	Settlor/Beneficiary of The Golden Jade Trust	1,154,325,000	44.18%
Seletar Limited ⁽¹⁾	Controlled corporation	1,154,325,000	44.18%
Serangoon Limited ⁽¹⁾	Controlled corporation	1,154,325,000	44.18%
Sturgeon Limited ⁽¹⁾	Controlled corporation	1,154,325,000	44.18%
Mr. Selwyn Donald Sussman ^{(2) and (3)}	Controlled corporation	406,363,462	15.55%
Capital Asset Management, Inc. ⁽³⁾	Controlled corporation	383,043,462	14.66%
Trust Asset Management LLP ⁽³⁾	Controlled corporation	383,043,462	14.66%
Mr. Leung Ping Chung, Hermann ⁽²⁾	Controlled corporation	293,175,000	11.22%
Mr. Paul Steven Wolansky ⁽²⁾	Trustee	293,175,000	11.22%
Cathay Capital Holdings, L.P. ⁽²⁾	Controlled corporation	293,175,000	11.22%
Cathay Master GP, Ltd. ⁽²⁾	Controlled corporation	293,175,000	11.22%
Cathay Sino Property Ltd. ⁽²⁾	Beneficial owner	293,175,000	11.22%

Notes:

- (1) The 1,154,325,000 shares are registered in the name of Ace Rise Profits Limited. Ace Rise Profits Limited is held by Sturgeon Limited, which is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. As at the date of this report, the beneficiaries of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.
- (2) The 293,175,000 shares are registered in the name of Cathay Sino Property Ltd. which is wholly-owned by Cathay Capital Holdings, L.P. Cathay Capital Holdings, L.P. is managed by its general partner, Cathay Master GP, Ltd. which in turn is owned as to 45% by Mr. Paul Steven Wolansky as trustee, 45% by Trust Asset Management LLP and 10% by Nice Wealth Investment Limited which is wholly owned by Mr. Leung Ping Chung, Hermann. Cathay Capital Holdings, L.P., Cathay Master GP Ltd., Mr. Paul Steven Wolansky, Trust Asset Management LLP and Mr. Leung Ping Chung, Hermann are all deemed to be interested in the 293,175,000 shares under the SFO.
- (3) Capital Asset Management, Inc. is the general partner of Trust Asset Management LLP, which has 45% interest in Cathay Master GP, Ltd., the general partner of Cathay Capital Holdings, L.P. As Mr. Selwyn Donald Sussman is holding 100% interest in Capital Asset Management, Inc., Mr. Selwyn Donald Sussman, Capital Asset Management, Inc. and Trust Asset Management LLP are all deemed to be interested in the 293,175,000 shares held by Cathay Sino Property Ltd. The remaining 89,868,462 shares are held in the form of convertible notes issued to Sunrise Partners Limited Partnership. As Trust Asset Management LLP is the general partner of Sunrise Partners Limited Partnership, Capital Asset Management, Inc., Trust Asset Management LLP and Mr. Selwyn Donald Sussman are deemed to be interested in the 89,868,462 shares under the SFO.





Report of the Directors (continued)

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this annual report.

Auditors

The financial statements for the year ended 31 December 2009 have been audited by Deloitte Touche Tohmatsu. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the Company's auditors for the ensuring year will be proposed at the forthcoming AGM.

There has been no change of the auditors of the Company since its listing on the Stock Exchange.

On behalf of the Board

GUO Zi Wen

Chairman and Chief Executive Officer

Hong Kong, 19 April 2010

