THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Not for release, publication or distribution, directly or indirectly or indirectly, in whole or in part, in or into Australia, Canada, New Zealand and the US.

If you are in any doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult your licenced securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in the Company (as defined herein), you should at once hand this Prospectus and the accompanying PAL (as defined herein) and EAF (as defined herein) to the purchaser(s) or transferee(s) or to the bank, licenced securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents (as defined herein), together with the written consent given by PricewaterhouseCoopers, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (as defined herein). A copy of this Prospectus has been, or will as soon as reasonably practicable be filed with the Registrar of Companies in Bermuda in accordance with Section 26 of the Companies Act (as defined herein). The Registrar of Companies in Hong Kong, the SFC (as defined herein), the Stock Exchange (as defined herein) and the Registrar of Companies in Bermuda take no responsibility as to the contents of any of those documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares (as defined herein) in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC (as defined herein), the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined herein) with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

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

五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 230)

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD

Underwriter

June Glory International Limited

Joint Financial Advisers to the Company

Deutsche Bank

MCL CAPITAL

The latest time for payment for and acceptance of the Rights Shares is 4:00 p.m. on Tuesday, 23 June 2009. The procedures for payment and acceptance is set out on pages 14 to 16 of this Prospectus.

The Shares (as defined herein) have been dealt in on an ex-rights basis from Tuesday, 2 June 2009. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive). Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which June Glory's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders contemplating any dealings in the Shares are recommended to consult with their own professional adviser if they are in any doubt.

The Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein) by written notice to the Company served prior to 4:00 p.m. on Friday, 26 June 2009 or such other time or date as the Company and the Underwriter may agree in writing to terminate the Underwriting Agreement on the occurrence of certain events including force majeure as set out in the section headed "Termination of the Underwriting Agreement" on pages 8 to 9 of this Prospectus.

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Rights Issue will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

Distribution of this Prospectus, the PAL(s) and/or the EAF(s) and/or the transfer of Rights Shares in both nil-paid and fully-paid forms into jurisdictions other than Hong Kong may be restricted by law. These materials are not for distribution, directly or indirectly, in whole or in part, in or into the US (including its territories and dependencies, any state in the US and the District of Columbia). Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the US. The Rights Shares in their nil-paid and fully-paid forms have not been and will not be registered under the United States Securities Act of 1933 or under any securities laws of any state or other jurisdiction of the US and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from the registration requirements of the the United States Securities Act of 1933 and in compliance with any applicable securities laws of any state or other jurisdiction of the US. The Rights Shares in both nil-paid and fully-paid forms, the Prospectus, the PALs and the EAFs have not been approved or disapproved by the US Securities and Exchange Commission, any state's securities commission in the US or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Shares in both nil-paid and fully-paid forms, the PALs and the EAFs or the accuracy or adequacy of this Prospectus. There will be no public offer of these securities in the United States.

The Rights Shares in both nil-paid and fully-paid forms, the PALs and the EAFs will also not be registered under the securities laws of any Excluded Territory (as defined herein) and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws. There will be no public offer in any of the Excluded Territories.

* *For identification purpose only*

9 June 2009

CONTENTS

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

"Acceptance Date"	the last business day on which payment for and acceptance of the Rights Shares can be made under the Rights Issue, which shall be 23 June 2009 (or such later date as may be agreed in writing between the Company and June Glory);
"Acquisition"	the proposed acquisition of the entire issued share capital of Luck Achieve Limited pursuant to the Acquisition Agreement as announced by the Company on 7 November 2008;
"Acquisition Agreement"	the conditional sale and purchase agreement dated 7 November 2008 entered into between Minmetals Land Investments Limited (as purchaser), Mountain Trend Global Limited (as vendor) and Minmetals HK (as the vendor's guarantor and warrantor) relating to the Acquisition and as supplemented from time to time;
"Announcement"	the announcement dated 18 May 2009 issued by the Company in relation to the Rights Issue;
"Board"	the board of Directors;
"business day"	a day (other than a Saturday or Sunday) on which commercial banks in Hong Kong are generally open for business;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"China Minmetals"	China Minmetals Corporation, a State-owned enterprise in the PRC, which owns 100% equity interest in Minmetals HK which in turn owns the entire equity interest in June Glory, the immediate controlling shareholder of the Company;
"Companies Act"	the Companies Act 1981 of Bermuda (as amended);
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong);
"Company"	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;

"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"EAF(s)"	the excess application form(s) for additional Rights Shares proposed to be issued to the Qualifying Shareholders;
"Excluded Territories"	Australia, Canada, New Zealand and the US (California and Texas);
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC;
"Irrevocable Undertaking"	the irrevocable undertaking dated 18 May 2009 given by June Glory in favour of the Company to, among other things, subscribe for 378,292,926 Rights Shares;
"June Glory"	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability whose ordinary course of business does not include underwriting, an indirect wholly-owned subsidiary of China Minmetals, and the immediate controlling shareholder of the Company;
"Latest Practicable Date"	2 June 2009, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus;
"Latest Time for Termination"	4:00 p.m. on 26 June 2009;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the PRC;
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of China Minmetals;
"Non-Excluded Territories"	Macau, Malaysia, Norway, Singapore and the United Kingdom;

"Non-Qualifying Shareholder(s)"	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions obtained by the Company, consider it necessary or expedient not to offer Rights Shares on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong;
"PAL(s)"	the renounceable provisional allotment letter(s) representing the Rights Shares proposed to be issued to the Qualifying Shareholders under the Rights Issue;
"PRC"	the People's Republic of China, which for the purpose of this Prospectus excludes Hong Kong, Macau and Taiwan;
"Prospectus"	this prospectus issued by the Company in relation to the Rights Issue;
"Prospectus Documents"	the Prospectus, the PAL and the EAF;
"Prospectus Posting Date"	the business day on which the Prospectus Documents will be despatched to Qualifying Shareholders, namely 9 June 2009;
"Qualifying Shareholder(s)"	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date;
"Record Date"	the record date by reference to which entitlements to the Rights Issue will be determined, namely 8 June 2009;
"Registrar"	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong;
"Rights Issue"	the issue by way of rights of one Rights Share for every two existing Shares held in issue on the Record Date at the Subscription Price, payable in full on acceptance;

"Rights Share(s)"	556,915,891 Shares, being the new Share(s) to be allotted and issued by way of rights to the Qualifying Shareholders under the Rights Issue;
"Settlement Date"	30 June 2009;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of Share(s);
"Share Option(s)"	the share option(s) granted by the Company pursuant to the Share Option Scheme;
"Share Option Scheme"	the share option scheme of the Company adopted on 29 May 2003;
"Storm Warning"	a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	HK$0.94 per Rights Share;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"Underwriting Agreement"	the underwriting agreement dated 18 May 2009 entered into between the Company and June Glory in relation to the underwriting and certain other arrangements in respect of the Rights Issue;
"US"	the United States of America; and
"%"	per cent.

English names of the companies/entities established in the PRC included in this Prospectus are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

The following information is derived from, and should be read in conjunction with and subject to, the full text of this Prospectus:

Basis of the Rights Issue	:	One Rights Share for every two existing Shares held in issue on the Record Date
Number of Shares in issue	:	1,113,831,783 Shares as at the Latest Practicable Date
Number of Rights Shares to be issued	:	556,915,891 Rights Shares (based on the number of Shares in issue as at the Latest Practicable Date)
Subscription Price	:	HK$0.94 per Rights Share payable in full on acceptance
Latest time for payment and acceptance	:	4:00 p.m. on Tuesday, 23 June 2009
Amount to be raised	:	Not less than approximately HK$523,500,938 before expenses (based on 556,915,891 Rights Shares to be issued)
Excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments
Underwriter	:	June Glory

The expected timetable for the Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basis	Monday, 1 June 2009
First day of dealings in Shares on an ex-rights basis	Tuesday, 2 June 2009
Latest time for lodging transfers of Shares and related documents in order to qualify for the Rights Issue	4:30 p.m., Wednesday, 3 June 2009
Register of members closes	Thursday, 4 June 2009 to Monday, 8 June 2009 (both days inclusive)
Record Date	Monday, 8 June 2009
Despatch of Prospectus Documents on	Tuesday, 9 June 2009
First day of dealings in nil-paid rights	Thursday, 11 June 2009
Latest time for splitting of nil-paid rights	4:00 p.m., Monday, 15 June 2009
Last day of dealings in nil-paid rights	Thursday, 18 June 2009
Latest time for payment for and acceptance of Rights Shares and the application and payment for the excess Rights Shares	4:00 p.m., Tuesday, 23 June 2009
Rights Issue expected to become unconditional	after 4:00 p.m., Friday, 26 June 2009
Announcement of results of acceptance and excess application of the Rights Issue	Monday, 29 June 2009
Despatch of refund cheques for wholly and partially unsuccessful excess applications on	Tuesday, 30 June 2009
Share certificates for fully-paid Rights Shares to be posted on	Tuesday, 30 June 2009
First day of dealings in fully-paid Rights Shares expected to commence on	Friday, 3 July 2009

All dates and times referred to in this Prospectus are Hong Kong dates and times. Dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by agreement between the Company and June Glory. Further announcement will be made in the event that there is any change to the expected timetable for the Rights Issue.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR PAYMENT FOR AND ACCEPTANCE OF THE RIGHTS SHARES

The latest time for payment for and acceptance of the Rights Shares will not take place if there is a Storm Warning in force in Hong Kong at any local time between 9:00 a.m. and 4:00 p.m. on Tuesday, 23 June 2009. Instead the latest time for payment for and acceptance of the Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have a Storm Warning in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for payment for and acceptance of the Rights Shares does not take place at 4:00 p.m. on Tuesday, 23 June 2009, the dates mentioned in this section may be affected. Further announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

June Glory may terminate the arrangements set out in the Underwriting Agreement by written notice to the Company at any time prior to the Latest Time for Termination if:

(a) there comes to the notice of June Glory or it shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect; or

(b) there comes to the notice of June Glory or it shall have reasonable cause to believe or it is aware of the fact that any of the undertakings or other obligations expressed to be assumed by or imposed on itself under the Irrevocable Undertaking have not been complied with in any respect; or

(c) there comes to the notice of June Glory or it shall have reasonable cause to believe that any of the representations or warranties given by the Company under the Underwriting Agreement was untrue or inaccurate in any material respect; or

(d) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of June Glory is material in the context of the issue of the Rights Shares; or

(e) there develops, occurs, exists or comes into effect any events, including:

   (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) whether in Hong Kong or Bermuda; or

   (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company (including, without limitation, acts of government, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome, H5N1 and swine influenza and such related or mutated forms); or

   (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or

   (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or

(v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement or any other announcements relating to the Rights Issue), and in the reasonable opinion of June Glory (a) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (b) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (c) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

Upon the giving of notice of termination, all the liabilities of June Glory and the Company under the Underwriting Agreement shall cease and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than antecedent breaches). If June Glory exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

As mentioned, the Rights Issue is conditional upon several conditions, set out in the section headed "Terms of the Rights Issue – Underwriting arrangements – Conditions of the Rights Issue" in the Letter from the Board as contained in this Prospectus. The obligation of June Glory to underwrite the relevant Rights Shares is also conditional on (i) the satisfaction (or waiver) of, among other things, the conditions referred to in the section headed "Terms of the Rights Issue – Underwriting arrangements – Conditions of the Rights Issue" in the Letter from the Board as contained in this Prospectus, and (ii) the Underwriting Agreement not being terminated by June Glory in accordance with its terms. If the conditions are not fulfilled (or waived) or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 2 June 2009. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled (or waived), the Underwriting Agreement will terminate and the Rights Issue will not proceed. If the Underwriting Agreement is terminated by June Glory, the Rights Issue also will not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares or the Rights Shares in their nil-paid form and who is in any doubt about his position, is recommended to consult his professional adviser. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which June Glory's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 230)

Non-executive Director:
Mr. ZHOU Zhongshu, *Chairman*

Executive Directors:
Mr. QIAN Wenchao, *Deputy Chairman*
Mr. HE Jianbo, *Managing Director*
Mr. YIN Liang, *Senior Deputy Managing Director*
Mr. YAN Xichuan, *Deputy Managing Director*
Ms. HE Xiaoli

Independent Non-executive Directors:
Mr. LAM Chun, Daniel
Mr. Selwyn MAR
Ms. TAM Wai Chu, Maria

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business in Hong Kong:
18th Floor
China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

9 June 2009

*To the Qualifying Shareholders and,
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD

INTRODUCTION

As announced in the Announcement, the Company proposes to raise not less than approximately HK$523,500,938 before expenses by way of rights issue of 556,915,891 Rights Shares at a price of HK$0.94 per Rights Share on the basis of one Rights Share for every two existing Shares held in issue on the Record Date.

The purpose of this Prospectus is to provide you with further information regarding the Rights Issue, including information on procedures for payment and acceptance and certain financial information and other information in respect of the Group.

* *For identification purpose only*

TERMS OF THE RIGHTS ISSUE

Basis of the Rights Issue	:	one Rights Share for every two existing Shares held in issue on the Record Date
Number of Shares in issue	:	1,113,831,783 Shares as at the Latest Practicable Date
Number of outstanding Share Options	:	The Company has 13,630,000 outstanding Share Options as at the Latest Practicable Date, but none of them shall be exercisable on or before the Record Date. Other than the Share Options, the Company has no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares as at the Latest Practicable Date.
Other obligations to issue Shares	:	The Company entered into the Acquisition Agreement on 7 November 2008 with, among others, Mountain Trend Global Limited, an indirect wholly-owned subsidiary of China Minmetals, the ultimate controlling shareholder of the Company, whereby the Company will issue convertible preference shares convertible into Shares. The Acquisition Agreement has yet to be approved by the independent Shareholders and no part of the convertible preference shares, if issued, will be convertible on or before the Record Date.
Number of Rights Shares	:	556,915,891 Rights Shares
Subscription price per Rights Share	:	HK$0.94 per Rights Share
Enlarged issued share capital upon completion of the Rights Issue	:	HK$167,074,767.40 comprising 1,670,747,674 Shares
Underwriter	:	June Glory

The 556,915,891 nil-paid Rights Shares proposed to be provisionally allotted represent: (a) approximately 50.00% of the Company's issued share capital as at the Latest Practicable Date; and (b) approximately 33.33% of the Company's enlarged issued share capital as enlarged by the issue of the Rights Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be: (i) registered as a member of the Company at the close of business on the Record Date; and (ii) a Qualifying Shareholder. The Company will send the Prospectus Documents to the Qualifying Shareholders.

Closure of register of members

The register of members of the Company has been closed from Thursday, 4 June 2009 to Monday, 8 June 2009 (both dates inclusive) during which period no transfer of Shares would have been registered. In order to be registered as a member of the Company at the close of business on the Record Date so as to qualify for the Rights Issue, any transfer of Shares must have been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 June 2009.

Subscription Price

The subscription price for the Rights Shares is HK$0.94 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for Rights Shares. The Subscription Price represents:

(i) a discount of approximately 9.62% to the closing price of HK$1.04 per Share as quoted on the Stock Exchange on 15 May 2009;

(ii) a discount of approximately 6.93% to the theoretical ex-rights price of HK$1.01 per Share, which is calculated on the basis of the closing price of HK$1.04 per Share as quoted on the Stock Exchange on 15 May 2009;

(iii) a discount of approximately 5.05% to the average of the closing prices per Share for the five trading days ended on 15 May 2009 of approximately HK$0.99;

(iv) the same as the average closing price per Share for the ten trading days ended on 15 May 2009 of approximately HK$0.94; and

(v) a discount of approximately 33.33% to the audited consolidated net tangible assets attributable to equity holders of the Company per Share as at 31 December 2008 of approximately HK$1.41 (based on 1,113,831,783 Shares in issue as at the Latest Practicable Date).

The Subscription Price was arrived at with reference to the then market environment and the prevailing Share prices. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and use of proceeds" below, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above) and in the context of the Company's long-term business strategy, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two existing Shares held in issue on the Record Date, being 556,915,891 Rights Shares at a price of HK$0.94 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. No odd lot matching services will be provided. Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company and more particularly described in the section headed "Application for excess Rights Shares" below.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Tuesday, 30 June 2009 to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on Tuesday, 30 June 2009 by ordinary post to the applicants at their own risk.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.

Rights of Overseas Shareholders

As the Prospectus Documents will not be registered or filed under applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda, if as at the Record Date, a Shareholder's address as shown in the register of members of the Company was outside Hong Kong and was a Non-Qualifying Shareholder, such Shareholder would not be eligible to take part in the Rights Issue. Accordingly, the Rights Shares (in both nil-paid and fully-paid forms) will not be offered to the Non-Qualifying Shareholders and no application for the Rights Shares will be accepted from the Non-Qualifying Shareholders.

Based on the register of members of the Company as at the Record Date, there were a total of 39 Overseas Shareholders, whose registered addresses as shown in the register of members of the Company were outside Hong Kong, namely in Australia, Canada, Macau, Malaysia, New Zealand, Norway, Singapore, the United Kingdom and the US (California and Texas).

After making enquiries with the Company's overseas legal advisers regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the abovementioned places to offer the Rights Shares (in nil-paid and fully-paid forms) to such Overseas Shareholders in accordance with Rule 13.36(2)(a) of the Listing Rules, the Directors are advised by the legal advisers in the relevant jurisdictions that the Company would need to comply with certain requirements or procedures of the regulatory bodies for offering the Rights Shares to Overseas Shareholders resident in the Excluded Territories, but not in the Non-Excluded Territories. Accordingly, Overseas Shareholders in the Non-Excluded Territories are also Qualifying Shareholders.

After considering the legal costs for compliance with the relevant requirements or procedures of the regulatory bodies in Excluded Territories and the minimal size of shareholdings of the Overseas Shareholders resident in such places, the Directors are of the opinion that it would be necessary or expedient not to offer the Rights Shares to such Overseas Shareholders resident in the Excluded Territories (ie. Non-Qualifying Shareholders). Accordingly, the Rights Shares will not be offered to the Non-Qualifying Shareholders and no application for Rights Shares will be accepted from the Non-Qualifying Shareholders. The Company will send copies of this Prospectus to the Non-Qualifying Shareholders resident in Australia, Canada, New Zealand and the US, for their information only, but will not send the PAL and the EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold for their benefit as soon as practicable after dealings in nil-paid rights commence on the Stock Exchange and in any event before 18 June 2009 at a net premium in excess of all expenses of sale. The aggregate net proceeds of such sale will be distributed to the Non-Qualifying Shareholders pro-rata to their shareholdings on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK$100, such sum will be retained by the Company for its own benefit.

Procedures for acceptance or transfer

For each Qualifying Shareholder, a PAL is enclosed with the Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/their right to subscribe for all the Rights Shares provisionally allotted to him/them as specified in the PAL, he/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Tuesday, 23 June 2009. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**Minmetals Land Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:00 p.m. on Tuesday, 23 June 2009, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If a Qualifying Shareholder wishes to accept only part of his provisional allotment or transfer a part of his rights to subscribe for the Rights Shares provisionally allotted to him under the PAL or to transfer his rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Monday, 15 June 2009 to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. by the Latest Time for Termination, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest and by means of cheques despatched by ordinary post at the risk of such persons on Tuesday, 30 June 2009.

Application for excess Rights Shares

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his provisional allotment, he must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Tuesday, 23 June 2009. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**Minmetals Land Limited – Excess Application Account**" and crossed "**Account Payee Only**". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them, which will be at the discretion of the Directors on a fair and equitable basis on the following principles:

(1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd lot holdings to whole lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive smaller number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a lower percentage of successful application but will receive larger number of Rights Shares).

Investors with their Shares held by a nominee (or CCASS) should note that the Board will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or CCASS) should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to them individually.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned to that Qualifying Shareholder in full by ordinary mail and at his own risk on Tuesday, 30 June 2009. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned to him by ordinary mail and at his own risk on Tuesday, 30 June 2009.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post at the risk of such persons on Tuesday, 30 June 2009.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Listing and dealing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

No part of the existing share capital of the Company is listed or dealt in, and no listing or permission to deal is being or is proposed to be sought, on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS. The nil-paid Rights Shares shall have the board lot size of 2,000 nil-paid Rights Shares in one board lot, same as the existing board lot size of the Shares, namely, 2,000 Shares in one board lot.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking from June Glory

As at the Latest Practicable Date, June Glory, the immediate controlling shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals, is the beneficial owner of 756,585,852 Shares, representing approximately 67.93% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking, June Glory has, among other things, irrevocably undertaken to the Company that such Shares currently beneficially owned by it will remain beneficially owned by it at the close of business on the Record Date and that it will take up the Rights Shares, representing its full entitlement to the new Shares under the Rights Issue.

Underwriting arrangements

The Underwriting Agreement

Date	:	18 May 2009
Parties	:	the Company and June Glory as the underwriter
Number of Rights Shares underwritten	:	178,622,965 Rights Shares, being the difference between the total number of Rights Shares and the aggregate of 378,292,926 Rights Shares which June Glory has undertaken to subscribe for pursuant to the Irrevocable Undertaking
Underwriter's commission	:	June Glory will not be entitled to any commission

June Glory has conditionally agreed to fully underwrite the difference between the total number of Rights Shares and the aggregate of 378,292,926 Rights Shares which itself has undertaken to subscribe for pursuant to the Irrevocable Undertaking. The number of Rights Shares to be underwritten by June Glory will be 178,622,965 Rights Shares, representing approximately 10.69% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional, among other things, upon fulfillment (or waiver, if permitted by the terms of the Underwriting Agreement) of the following conditions:

(a) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and the registration of one duly signed copy of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Prospectus Posting Date;

(b) the filing of one duly signed copy of the Prospectus with the Registrar of Companies in Bermuda, prior to, on or as soon as practicable after the Prospectus Posting Date;

(c) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to Qualifying Shareholders;

(d) the Listing Committee of the Stock Exchange granting or agreeing to grant, in writing, listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) at or prior to 9:30 a.m. on 26 June 2009 or the first trading day of the Rights Shares in nil-paid form if earlier, and such grant or agreement to grant not being withdrawn or revoked prior to the Settlement Date;

(e) compliance with and performance of all obligations of June Glory under the Irrevocable Undertaking; and

(f) the Underwriting Agreement not having terminated in accordance with its terms.

If the conditions of the Rights Issue are not fulfilled (or waived, if permitted by the terms of the Underwriting Agreement, in whole or in part by June Glory) by the Latest Time for Termination (or such later date or time as June Glory may agree in writing with the Company pursuant to the Underwriting Agreement), the obligations of the parties arising from the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party (except in respect of any antecedent breach). In such event, the irrevocable undertaking by June Glory to accept its entitlement under the Rights Issue will lapse and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

June Glory may terminate the arrangements set out in the Underwriting Agreement by written notice to the Company at any time prior to the Latest Time for Termination if:

(a) there comes to the notice of June Glory or it shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect; or

(b) there comes to the notice of June Glory or it shall have reasonable cause to believe or it is aware of the fact that any of the undertakings or other obligations expressed to be assumed by or imposed on itself under the Irrevocable Undertaking have not been complied with in any respect; or

(c) there comes to the notice of June Glory or it shall have reasonable cause to believe that any of the representations or warranties given by the Company under the Underwriting Agreement was untrue or inaccurate in any material respect; or

(d) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of June Glory is material in the context of the issue of the Rights Shares; or

(e) there develops, occurs, exists or comes into effect any events, including:

(i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) whether in Hong Kong or Bermuda; or

(ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company (including, without limitation, acts of government, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome, H5N1 and swine influenza and such related or mutated forms); or

(iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or

(iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or

(v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement or any other announcements relating to the Rights Issue), and in the reasonable opinion of June Glory (a) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (b) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (c) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

Upon the giving of notice of termination, all the liabilities of June Glory and the Company under the Underwriting Agreement shall cease and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than antecedent breaches). If June Glory exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

As mentioned, the Rights Issue is conditional upon several conditions, set out in the section headed "Terms of the Rights Issue – Underwriting arrangements – Conditions of the Rights Issue" above. The obligation of June Glory to underwrite the relevant Rights Shares is also conditional on (i) the satisfaction (or waiver) of, among other things, the conditions referred to in the section headed "Terms of the Rights Issue – Underwriting arrangements – Conditions of the Rights Issue" above, and (ii) the Underwriting Agreement not being terminated by June Glory in accordance with its terms. If the conditions are not fulfilled (or waived) or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 2 June 2009. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled (or waived), the Underwriting Agreement will terminate and the Rights Issue will not proceed. If the Underwriting Agreement is terminated by June Glory, the Rights Issue also will not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares or the Rights Shares in their nil-paid form and who is in any doubt about his position, is recommended to consult his professional adviser. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which June Glory's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Thursday, 11 June 2009 to Thursday, 18 June 2009 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

SHAREHOLDINGS IN THE COMPANY AND PUBLIC FLOAT

The shareholdings in the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming all Rights Shares will be taken up by Qualifying Shareholders); and (iii) immediately after completion of the Rights Issue (assuming no Rights Shares will be taken up by Qualifying Shareholders other than June Glory pursuant to the Irrevocable Undertaking and the Underwriting Agreement), will be as follows:

	Existing shareholding as at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares will be taken up by Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares will be taken up by Qualifying Shareholders other than June Glory pursuant to the Irrevocable Undertaking and the Underwriting Agreement)	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
June Glory (in the capacity of a controlling shareholder and pursuant to the Irrevocable Undertaking)	756,585,852	67.93	1,134,878,778	67.93	1,134,878,778	67.93
June Glory (in the capacity of the underwriter)	Nil	Nil	Nil	Nil	178,622,965	10.69
Sub-total	**756,585,852**	**67.93**	**1,134,878,778**	**67.93**	**1,313,501,743**	**78.62**
Public Shareholders						
Other Shareholders	357,245,931	32.07	535,868,896	32.07	357,245,931	21.38
Total	**1,113,831,783**	**100.00**	**1,670,747,674**	**100.00**	**1,670,747,674**	**100.00**

Note: The impact of the Acquisition Agreement entered into by the Group and other parties thereto, involving among other things, the issue of convertible preference shares convertible into Shares have not been taken into account in the above shareholding structure.

The Board noted that in the event no Rights Shares were taken up by Qualifying Shareholders other than June Glory, less than 25% of the issued shares of the Company will be held by the public. Under the terms of the Irrevocable Undertaking and the Underwriting Agreement, June Glory has also undertaken to the Company, in the event the Company is unable to satisfy the 25% public float requirement under Rule 8.08 of the Listing Rules immediately following the Rights Issue as a result of June Glory taking up any Rights Shares, to take appropriate measures, including selling its own interest in the Company, to restore the public float of the Company to at least 25% of the Company's total issued share capital as soon as possible.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in real estate development and project management, specialised construction, and property investment businesses. The Directors believe that it would be in the interests of the Company and the Shareholders to raise long-term equity funding via the proposed Rights Issue to strengthen the Company's financial position for its future business development, whilst allowing all the Qualifying Shareholders the equitable opportunity to increase their investment in the Company and participate in the Company's prospects. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Rights Issue will expand the Company's funding capability to enhance the Group's real estate development business (including acquisitions of land and investments in new real estate development projects). On this basis, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The estimated net proceeds of the Rights Issue will not be less than approximately HK$522 million (representing a net price of approximately HK$0.94 per Rights Share) and are intended to be used for the Company's real estate development business as aforesaid and for general working capital of the Group. As at the Latest Practicable Date, the Company has not entered into any agreement in relation to such acquisitions of land and investment in new real estate development projects and will comply with the applicable requirements under the Listing Rules as and when they materialise.

The estimated expenses of the Rights Issue (including professional fees and other related expenses) amount to approximately HK$1,500,000 and will be borne by the Company.

ADJUSTMENTS TO THE EXERCISE PRICE OF SHARE OPTIONS

The Rights Issue, if it becomes unconditional, may lead to adjustments to the exercise price and/or the number of new Shares to be issued upon exercise of the outstanding Share Options. Pursuant to the terms of the Share Option Scheme, the Company will consult its auditor for the required adjustments and the holders of the Share Options will be informed of the required adjustments (if any) as soon as practicable. Further announcement will be made for adjustments to exercise price/number of the Share Options, if and when required and in accordance with the Listing Rules.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

Save for the Rights Issue, the issue of Shares pursuant to the acquisition agreement dated 5 June 2008 relating to the acquisition of Texion Development Limited, and the proposed issue of convertible preference shares pursuant to the Acquisition Agreement dated 7 November 2008 which is still subject to the approval of the independent Shareholders, the Company has not undertaken any equity fund raising exercise in the past 12 months ending on the Latest Practicable Date.

BUSINESS TREND OF THE GROUP SINCE 31 DECEMBER 2008 AND FINANCIAL AND TRADING PROSPECTS

Business Review

The principal businesses of the Group are real estate development and project management, specialised construction and property investment in the PRC and Hong Kong. In the past few years, the Group has continued to devote its resources and efforts to strengthen its real estate business in the PRC and Hong Kong. In addition to its two PRC residential projects, namely the Laguna Bay Project in Nanjing and the LOHAS International Community Project in Changsha which have a total attributable planned gross floor area of approximately 760,000 square metres, the Group acquired a new real estate development project in Nanjing City, Jiangsu Province, in a joint venture with an investment fund. On the other hand, the Group's portfolio of investment properties was enlarged with the acquisition of the China Minmetals Tower in 2008; together with the ONFEM Tower and five residential properties in Hong Kong, the Group's investment properties has a total gross floor area of approximately 15,000 square metres. The Group performed well in 2008, achieving 219.3% growth in turnover and 26.1% growth in profit before tax.

Financial Management and Position

The Group continues to adhere to prudent financial management. By maintaining a reasonable leverage, the Group endeavors to keep a healthy financial position to meet the challenges ahead of the global financial crisis. The Rights Issue when completed will raise another HK$522 million for the Company. This will reduce the gearing of the Group and enhance the financial capability and flexibility of the Group further.

Trading Prospects

The year 2009 has started with increasing signs of a simultaneous recession in major economies in the world and the PRC property market continued to slow down. However, the PRC Government has been implementing economic stimulus plans to address the impact of the worldwide financial turmoil on the economic growth in the PRC. The Group would continue to adopt a prudent and pragmatic approach in its business development by exploring appropriate business opportunities at a lower cost base as well as seeking the most efficient use of the Group's financial resources so as to be prepared for the next expansion phase of the PRC property market in the future. The Group will also continue to leverage on the strong financial base and extensive business connections of China Minmetals, its controlling shareholder, in the Group's business development. In particular, the Group will strive to build brand recognition as the Hong Kong listed real estate flagship subsidiary of China Minmetals, and expand collaboration with China Minmetals to enhance the performance of its core businesses of real estate development and specialised construction.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendices to this Prospectus.

Yours faithfully,
By order of the Board
Minmetals Land Limited
He Jianbo
Managing Director

FINANCIAL INFORMATION SUMMARY

The following is a summary of the consolidated financial information of the Group for the three years ended 31 December 2006, 2007 and 2008, as extracted from the relevant annual reports of the Company which are not subject to any qualified opinion. For the purpose of this summary, the comparative figures of the financial results of the Group for the years ended 31 December 2006 and 2007 have been reclassified to conform with the presentation of the results of a discontinued operation of the Group, which was shown as a net amount in the Group's consolidated income statement for the year ended 31 December 2008.

Financial Results

	Year ended 31 December		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	
Revenue	238,154	365,314	1,166,307
Operating profit	101,404	151,420	182,894
Finance income	1,491	8,580	17,238
Finance costs	(928)	(1,561)	(400)
Profit before tax	101,967	158,439	199,732
Tax charge	(138)	(229)	(70,948)
Profit for the year from continuing operations	101,829	158,210	128,784
Profit/(loss) for the year from discontinued operations	4,016	1,288	(475)
Profit for the year	105,845	159,498	128,309
Profit attributable to:			
Equity holders of the Company	105,845	162,653	140,864
Minority interests	–	(3,155)	(12,555)
	105,845	159,498	128,309

Financial Position

	As at 31 December		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	329,538	370,503	984,641
Current assets	945,628	2,390,263	2,137,551
Total assets	1,275,166	2,760,766	3,122,192
Capital and reserves attributable to equity holders of the Company	817,829	878,090	1,582,060
Minority interests	–	195,246	194,918
Total equity	817,829	1,073,336	1,776,978
Non-current liabilities	105,866	213,345	18,228
Current liabilities	351,471	1,474,085	1,326,986
Total liabilities	457,337	1,687,430	1,345,214
Total equity and liabilities	1,275,166	2,760,766	3,122,192

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

The following information is extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31 December 2008:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations:			
Revenue	5	1,166,307	365,314
Cost of sales	7	(945,503)	(332,923)
Gross profit		220,804	32,391
Other gains	6	2,766	142,221
Selling and distribution costs	7	(40,462)	(10,677)
Administrative expenses	7	(73,091)	(50,441)
Revaluation gain on investment properties	16	72,877	50,480
Impairment of goodwill	17	–	(12,554)
Operating profit		182,894	151,420
Finance income	9	17,238	8,580
Finance costs	9	(400)	(1,561)
Profit before tax		199,732	158,439
Tax charge	10	(70,948)	(229)
Profit for the year from continuing operations		128,784	158,210
(Loss)/profit for the year from discontinued operations	11	(475)	1,288
Profit for the year		128,309	159,498
Attributable to:			
Equity holders of the Company	12	140,864	162,653
Minority interests		(12,555)	(3,155)
		128,309	159,498
Earnings/(loss) per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
Basic and diluted			
– from continuing operations	13	15.66	20.87
– from discontinued operations	13	(0.05)	0.16
		15.61	21.03
Dividends	14	–	–

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	15	77,679	20,297
Investment properties	16	897,959	341,249
Goodwill	17	9,003	8,520
Available-for-sale financial assets	22	–	–
Other assets		–	437
		984,641	370,503
Current assets			
Inventories	19	1,234,937	1,311,836
Trade and other receivables	20	251,438	262,918
Gross amounts due from customers for contract work	21	328	875
Current tax recoverable		707	–
Restricted cash and pledged deposits	23	14,288	17,850
Cash and bank deposits	24	635,853	796,784
		2,137,551	2,390,263
Total assets		3,122,192	2,760,766
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	111,383	77,383
Reserves	26	1,470,677	800,707
		1,582,060	878,090
Minority interests		194,918	195,246
Total equity		1,776,978	1,073,336

	Note	2008 HK$'000	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	27	–	204,923
Deferred tax liabilities	28	7,069	123
Other liabilities		11,159	8,299
		18,228	213,345
Current liabilities			
Trade and other payables	29	449,322	267,603
Deferred revenue		194,995	833,245
Current tax payable		43,535	11,737
Borrowings	27	639,134	361,500
		1,326,986	1,474,085
Total liabilities		1,345,214	1,687,430
Total equity and liabilities		3,122,192	2,760,766
Net current assets		810,565	916,178
Total assets less current liabilities		1,795,206	1,286,681

BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Assets			
Non-current assets			
Investments in subsidiaries	18(a)	65,537	74,280
Current assets			
Loans to subsidiaries	18(b)	–	1,784
Amounts due from subsidiaries	18(c)	1,363,932	761,111
Other receivables	20	462	560
Pledged deposits	23	5,601	5,000
Cash and bank deposits	24	27,388	18,883
		1,397,383	787,338
Total assets		1,462,920	861,618
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	111,383	77,383
Reserves	26	1,323,334	781,634
Total equity		1,434,717	859,017
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	18(c)	13,682	–
Other payables	29	14,521	2,601
Total liabilities		28,203	2,601
Total equity and liabilities		1,462,920	861,618
Net current assets		1,369,180	784,737
Total assets less current liabilities		1,434,717	859,017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company				
	Share capital	**Reserves**	**Total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	77,218	740,611	817,829	–	817,829
Disposal of available-for-sale financial assets	–	(119,160)	(119,160)	–	(119,160)
Currency translation adjustments	–	15,399	15,399	3,554	18,953
Net (expense)/income directly recognised in equity	–	(103,761)	(103,761)	3,554	(100,207)
Profit/(loss) for the year	–	162,653	162,653	(3,155)	159,498
Total recognised income and expenses for the year	–	58,892	58,892	399	59,291
Issue of shares on exercise of share options	165	1,204	1,369	–	1,369
Acquisition of a subsidiary	–	–	–	194,848	194,848
Partial disposal of a subsidiary	–	–	–	(1)	(1)
At 31 December 2007	77,383	800,707	878,090	195,246	1,073,336
Revaluation gain of property, plant and equipment	–	1,314	1,314	–	1,314
Currency translation adjustments	–	24,459	24,459	12,227	36,686
Net income directly recognised in equity	–	25,773	25,773	12,227	38,000
Profit/(loss) for the year	–	140,864	140,864	(12,555)	128,309
Total recognised income and expenses for the year	–	166,637	166,637	(328)	166,309
Issue of new shares	34,000	503,200	537,200	–	537,200
Employee share option benefits	–	133	133	–	133
At 31 December 2008	111,383	1,470,677	1,582,060	194,918	1,776,978

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Operating activities			
Cash (used in)/generated from operations	31(a)	(193,758)	772,197
Interest paid		(34,007)	(30,163)
Income tax (paid)/refund		(39,157)	13
Net cash (used in)/generated from operating activities		(266,922)	742,047
Investing activities			
Acquisition of a subsidiary	31(b)	11,937	(127,960)
Partial disposal of a subsidiary		–	1
Disposal of subsidiaries	31(c)	8,407	–
Purchase of property, plant and equipment		(7,894)	(4,724)
Net proceeds from disposals of available-for-sale financial assets		–	157,831
Proceeds from disposal of property, plant and equipment		30	117
Interest received		17,238	8,645
Net cash generated from investing activities		29,718	33,910
Financing activities			
Proceeds from issue of shares		–	1,369
New borrowings		261,641	310,497
Repayment of borrowings		(188,829)	(422,869)
Decrease in restricted cash and pledged deposits		3,562	19,144
Net cash generated from/(used in) financing activities		76,374	(91,859)
(Decrease)/increase in cash and cash equivalents		(160,830)	684,098
Cash and cash equivalents at beginning of the year		796,683	112,585
Cash and cash equivalents at end of the year	24	635,853	796,683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ORGANISATION AND OPERATIONS

Minmetals Land Limited (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in real estate development and project management, specialised construction, property investment, manufacturing and trading and securities investment and trading. The Group's businesses participate in two principal economic environments. Hong Kong and Macau, and The People's Republic of China (other than Hong Kong and Macau) (the "PRC") are the major markets for all the Group's businesses, with a small portion of its income derived from other countries.

The Company is a limited liability company incorporated in Bermuda and acts as an investment holding company. The Company is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company on 1 April 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) Amendment and interpretation effective in 2008

HK(IFRIC) Int 11, "HKFRS 2 – Group and treasury share transactions", provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any material impact on the Group's financial statements.

HKAS 39 and HKFRS 7 (Amendment) "Reclassification of Financial Assets" (effective from 1 July 2008 prospectively) permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also allows an entity to reclassify a financial asset from the available-for-sale category to loans and receivables if it would have met the definition of loans and receivables and the entity now has the intent and ability to hold that asset for the foreseeable future. This amendment does not have any impact on the Group's financial statements as the Group has not reclassified any financial assets.

(ii) New/revised standards, amendments and improvements to existing standards and interpretation relevant to the Group that are not yet effective and have not been early adopted by the Group

HKAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRS. The Group will apply HKAS 1 (Revised) from 1 January 2009.

HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009. It is not expected to have any material impact on the Group's financial statements.

HKAS 27 (Amendment), "Consolidated and separate financial statements" (effective from 1 January 2009). The amendment removes the definition of the cost method and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Group will apply HKAS 27 (Amendment) from 1 January 2009. It is not expected to have any material impact on the Group's financial statements.

HKAS 27 (Revised), "Consolidated and separate financial statements" (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The management has already commenced an assessment of the related impact but is not yet in a position to state whether the adoption of this revision will result in any substantial impact on the Group's financial statements.

HKFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009). The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are services conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 January 2009. It is not expected to have any material impact on the Group's financial statements.

HKFRS 3 (Revised), "Business combinations" (effective from first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than are "conducted and managed". It requires considerations (including contingent consideration) for each identifiable asset and liability to be measured at its acquisition-date at fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

HKFRS 8, "Operating segments" (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. It is not expected to have any material impact on the Group's financial statements.

HK(IFRIC) Int 15, "Agreements for the construction of real estates" (effective for annual periods beginning on or after 1 January 2009) clarifies which standard (HKAS 18 or HKAS 11) should be applied to particular transactions and is likely to mean that HKAS 18 will be applied to a wider range of transactions. Entities that have previously recognised revenue from residential real estate sales under HKAS 11 will be the most significantly affected and will probably be required to apply HKAS 18. The new guidance may also have a wider impact and affect the accounting in other industries because the IFRIC has stated that the interpretation may also be used by analogy in other circumstances to determine whether a transaction is accounted for as a sale of a good (HKAS 18) or a construction contract (HKAS 11). It is not expected to have any material impact on the Group's financial statements.

HKAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group which are recorded in the consolidated income statement. Purchase from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$" or "HK dollar(s)"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical result, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of completed properties

Sales of completed properties are recognised on completion of the sale agreements, which refers to the time when the risks and rewards of the sale transaction are transferred to the buyers. Deposits and installments received on properties sold prior to completion of the respective sale agreements are included as deferred revenue under current liabilities.

(ii) Contract revenue

The accounting policy for contract revenue recognition is set out in Note 2(o).

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the lease period.

(iv) Sales of goods

Sales of goods are recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(v) Sales of securities investments

The accounting policy for sales of securities investments is set out in Note 2(l).

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (including leasehold land) net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the period of the lease.

(g) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to the residual values over the estimated useful lives with annual rates as follows:

Leasehold land and buildings	2%–5%
Leasehold improvements	Over the remaining period of the lease
Plant and machinery	5%–25%
Furniture, fixtures and equipment	15%–25%
Motor vehicles	20%–30%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies comprising the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the period in which they are incurred.

Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

(j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(k) Impairment

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains or losses from securities investment. Dividends on available-for-sale equity instruments are recognised in the income statement as part of revenue when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(m) Inventories

(i) Manufacturing and trading

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(ii) Properties under development

Properties under development represent interests in land and buildings under construction.

The cost of acquiring land held under operating leases is amortised on a straight-line basis over the lease term. If the property is in the course of development or re-development, the amortisation charge is included as part of the costs of the property under development. In all other cases the amortisation charge for the period is recognised as an expense immediately.

Properties under development are carried at the lower of cost and net realisable value. Cost comprises original land acquisition costs, construction expenditures incurred and other direct development costs attributable to such properties, including borrowing costs capitalised. Net realisable value is the anticipated sales proceeds estimated by the directors based on prevailing market prices, on an individual property basis, less estimated costs to completion and costs to be incurred in selling the property.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated income statement.

(o) Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within trade and other receivables.

The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(q) Share capital

Ordinary shares are classified as equity.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(ii) Pension obligations

Group companies participate in various defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(u) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Group's financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(w) Insurance contracts

The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the income statement.

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to the subsidiaries of the Company as insurance contracts.

(x) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest-rate risk), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices as described below to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Majority of the subsidiaries of the Group operates in the PRC with most of the transactions denominated in Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars. It has not hedged its foreign exchange rate risk.

At 31 December 2008, if HK dollar had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year would have been HK$13,431,000 (2007: HK$13,442,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of net RMB-denominated assets in HK subsidiaries and net HK$-denominated liabilities in PRC subsidiaries.

(ii) Cash flow interest-rate risk

The Group's cash flow interest-rate risk arises from borrowings issued at variable rates. The Group maintains a close relationship and communicates regularly with its finance providers to explore financing alternatives to monitor and mitigate interest rate risk.

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, an increase/decrease of finance costs of approximately HK$2,009,000 (2007: HK$2,000,000) will be capitalised into properties under development.

If interest rates on RMB-denominated deposits and borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$76,000 (2007: HK$85,000) higher/lower together with an increase/decrease of capitalisation of finance costs of approximately HK$4,307,000 (2007: HK$3,506,000) into properties under development.

(b) Credit risk

The Group's credit risk primarily arises from deposits with banks, trade and other receivables and guarantees provided in respect of mortgage facilities (Note 32).

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at each balance sheet date to ensure adequate provision for impairment losses are made for irrecoverable amounts.

Other than concentration of credit risk on deposits with several banks, the Group does not have any other significant concentration of credit risk.

Pursuant to the terms of the guarantees provided by the Group in respect of mortgage facilities granted by banks to purchasers of properties developed by the Group, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks but the Group is entitled to retain the purchaser's deposits and take over the legal title and possession of the related properties. In this regard, the Group's credit risk is significantly reduced.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility (Note 27(a)) and cash and cash equivalents (Note 24) on the basis of expected cash flow.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**
	HK$'000	*HK$'000*	*HK$'000*
Group			
At 31 December 2008			
Borrowings	672,499	–	–
Trade and other payables	412,811	29,993	6,518
	1,085,310	29,993	6,518
At 31 December 2007			
Borrowings	384,173	218,025	–
Trade and other payables	238,807	15,586	13,210
	622,980	233,611	13,210
Company			
At 31 December 2008			
Amounts due to subsidiaries	13,682	–	–
Other payables	14,521	–	–
	28,203	–	–
At 31 December 2007			
Other payables	2,585	–	–

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The total equity of the Group represents the capital structure of the Group. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less restricted cash and pledged deposits and cash and bank deposits.

The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Total borrowings *(Note 27)*	639,134	566,423
Less: Restricted cash and pledged deposits *(Note 23)*	(14,288)	(17,850)
Cash and bank deposits *(Note 24)*	(635,853)	(796,784)
Net cash	(11,007)	(248,211)
Total equity	1,776,978	1,073,336
Gearing ratio	N/A	N/A

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing uncertainty to the carrying amounts of assets and liabilities are discussed below:

(a) Investment properties

Independent valuers were engaged to carry out an independent valuation of the Group's investment property portfolio as at 31 December 2008. The fair value of each investment property is individually determined at balance sheet date based on market value assessment, on an existing use basis. The valuers have relied on the income capitalisation approach as its primary method, supported by the direct comparison method. These methodologies are based on the estimation of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(b) Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the estimated discount rate applied to the discounted cash flows for the Group's cash-generating units ("CGU") had been 1% higher than management's estimates, the Group would have recognised a further impairment against goodwill by HK$Nil for the year (2007: HK$183,000).

(c) Construction contracts in progress

As explained in the accounting policy stated in Note 2(o), revenue and profit recognition on an incomplete project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and nature of the construction activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 21 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Employee share option benefit

The Group uses the Trinomial Option Pricing Model to determine the fair value of share options granted during the year. Under this model, the value of the share options is subject to a number of assumptions such as the risk-free rate, expected life of the options, expected dividend rate and expected volatility of the closing price of the share based on the volatility of the Company over two year period.

5 SEGMENT INFORMATION

(a) Primary reporting format – business segments

In accordance with its internal financial reporting, the Group has determined that business segments should be presented as the primary reporting format. The Group has categorised its businesses into the following segments:

Real estate development and project management:	Development of residential and commercial properties, as well as provision of construction project management services
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and fire-proof materials
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in the properties' values in the long term
Manufacturing and trading*:	Manufacturing and trading of lubricant oil, industrial tools and chemical products
Securities investment and trading:	Trading and investment of securities

* *Discontinued during the year.*

Revenue during the year comprised the following:

	2008	**2007**
	HK$'000	*HK$'000*
Continuing operations		
Revenue from real estate development and project management services	887,476	2,311
Revenue from specialised construction contracts	250,426	345,961
Gross rental and management fee income from investment properties	28,405	17,042
	1,166,307	365,314
Discontinued operations		
Sales of lubricant oil, industrial tools and chemical products	71,289	65,892
	1,237,596	431,206

Segment revenue and results

	Continuing operations										Discontinued operations	
	Real estate development and project management		Specialised construction		Property investment		Securities investment and trading		Total		Manufacturing and trading	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue												
Sales to external customers	887,476	2,311	250,426	345,961	28,405	17,042	–	–	1,166,307	365,314	71,289	65,892
Results												
Segment results	119,197	(14,498)	3,737	(18,118)	98,861	64,841	–	140,701	221,795	172,926	3,330	1,724
Unallocated costs									(38,901)	(21,506)	–	741
Operating profit									182,894	151,420	3,330	2,465
Finance income									17,238	8,580	–	65
Finance costs									(400)	(1,561)	(18)	(18)
Tax (charge)/credit									(70,948)	(229)	700	(1,224)
Profit after tax									128,784	158,210	4,012	1,288
Loss on disposal of subsidiaries									–	–	(4,487)	–
Profit/(loss) for the year									128,784	158,210	(475)	1,288

Segment assets and liabilities

	Real estate development and project management		Specialised construction		Property investment		Securities investment and trading		Manufacturing and trading		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets												
Segment assets	1,674,912	2,074,515	241,272	219,521	988,244	343,522	–	–	–	26,581	2,904,428	2,664,139
Unallocated corporate assets											217,764	96,627
Total assets											3,122,192	2,760,766
Liabilities												
Segment liabilities	1,032,253	1,457,636	222,328	200,017	13,766	5,785	–	–	–	5,464	1,268,347	1,668,902
Unallocated corporate liabilities											76,867	18,528
Total liabilities											1,345,214	1,687,430

Segment assets consist primarily of property, plant and equipment, investment properties, goodwill, inventories, receivables and operating cash. Segment liabilities comprise all operating liabilities but exclude items such as taxation.

Other segment information

	Continuing operations												Discontinued operations	
	Real estate development and project management		Specialised construction		Property investment		Securities investment and trading		Unallocated		Total		Manufacturing and trading	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	1,395	2,907	646	1,368	65,833	257	–	–	19	175	67,893	4,707	346	477
Depreciation recognised in the consolidated income statement	859	308	556	398	930	66	–	–	431	1,061	2,776	1,833	550	713
Revaluation gain on investment properties	–	–	–	–	72,877	50,480	–	–	–	–	72,877	50,480	–	–
(Reversal of impairment loss)/impairment loss recognised in the consolidated income statement	–	–	(1,643)	17,929	52	–	–	–	–	(806)	(1,591)	17,123	–	1

(b) Secondary reporting format – geographical segments

The Group's businesses operate in two main geographical areas:

Hong Kong and Macau:	Specialised construction, property investment, manufacturing and trading, and securities investment and trading
The PRC:	Real estate development and project management, specialised construction, and manufacturing and trading

In presenting information on the basis of geographical segments, sales are presented based on the geographical locations of the customers. Segment assets and capital expenditure are presented based on the geographical locations of the assets.

	Hong Kong and Macau		The PRC		Other countries		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations:								
External sales	60,812	55,458	1,105,495	309,856	–	–	1,166,307	365,314
Segment assets	999,860	365,687	1,904,568	2,271,871	–	–	2,904,428	2,637,558
Capital expenditure	65,847	358	2,046	4,349	–	–	67,893	4,707
Discontinued operations:								
External sales	6,767	4,663	64,286	60,955	236	274	71,289	65,892
Segment assets	–	17,996	–	8,585	–	–	–	26,581
Capital expenditure	44	163	302	314	–	–	346	477

6 OTHER GAINS

	2008	2007
	HK$'000	*HK$'000*
Gain on disposal of available-for-sale financial assets	–	140,911
Others	2,766	1,310
	2,766	142,221

7 EXPENSES BY NATURE

	2008	2007
	HK$'000	*HK$'000*
Amortisation of land lease premium	10,860	6,999
Less: amount capitalised into properties under development	(10,706)	(6,999)
	154	–
Depreciation	2,622	1,833
Operating lease charges – minimum lease payment in respect of land and buildings	6,035	4,556
Cost of inventories sold	705,704	–
Auditor's remuneration	1,749	2,511
Net foreign exchange gain	(15,346)	(26,297)
Employee benefit expense (including directors' emoluments) *(Note 8)*	39,995	38,682
Provision for inventory obsolescence	–	1,033
Provision for impairment of receivables	52	4,064
Recovery of receivables previously written-off	(1,643)	(546)
Provision for impairment of property, plant and equipment	–	18
Direct out-goings arising from investment properties that generated rental income	3,272	2,662
Specialised construction costs	236,207	328,762
Selling and distribution costs	40,462	10,677
Legal and professional fees	13,304	6,182
Project management costs	320	1,415
Loss on disposal of property, plant and equipment	99	–
Others	26,070	18,489
Total of cost of sales, selling and distribution costs and administrative expenses	1,059,056	394,041

8 EMPLOYEE BENEFIT EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Wages and salaries	39,145	37,940
Provision for unutilised annual leave	85	87
Provision for long service payment	193	122
Pension costs – defined contribution plans *(Note 30)*	439	533
Share option benefits	133	–
	39,995	38,682

(a) Directors' emoluments

The remuneration of each director of the Company ("Director", collectively "Directors") for the year ended 31 December 2008 is set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contributions to pension scheme	Share option benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2008						
Mr. Zhou Zhongshu	–	–	–	–	13	13
Mr. Qian Wenchao	–	–	150	–	13	163
Mr. He Jianbo *(note (i))*	–	2,002	520	–	17	2,539
Mr. Yin Liang	–	1,240	320	–	12	1,572
Mr. Yan Xichuan	–	1,300	100	60	12	1,472
Ms. He Xiaoli	–	1,240	220	–	10	1,470
Mr. Lam Chun, Daniel	300	–	–	–	–	300
Mr. Selwyn Mar	310	–	–	–	–	310
Ms. Tam Wai Chu, Maria	300	–	–	–	–	300
	910	5,782	1,310	60	77	8,139

The remuneration of each Director for the year ended 31 December 2007 is set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contributions to pension scheme	Share option benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2007						
Mr. Zhou Zhongshu	–	–	–	–	–	–
Mr. Qian Wenchao	–	–	–	–	–	–
Mr. He Jianbo *(note (i))*	–	–	–	–	–	–
Mr. Wang Xingdong *(note (ii))*	–	1,430	–	–	–	1,430
Mr. Yin Liang	–	1,040	–	–	–	1,040
Mr. Yan Xichuan	–	1,300	–	60	–	1,360
Ms. He Xiaoli	–	1,040	–	–	–	1,040
Mr. Lam Chun, Daniel	300	–	–	–	–	300
Mr. Selwyn Mar	310	–	–	–	–	310
Ms. Tam Wai Chu, Maria	300	–	–	–	–	300
	910	4,810	–	60	–	5,780

During the year, no Directors waived or agreed to waive any emoluments (2007: Nil).

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or as compensation for loss of office (2007: Nil).

Notes:

(i) Appointed on 7 December 2007

(ii) Resigned on 7 December 2007

(b) Five highest-paid individuals

In 2008, five highest-paid individuals in the Group include three (2007: three) directors of the Company. These Directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining two (2007: two) individuals are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	2,861	3,661
Bonuses	423	1,482
Employer's contributions to pension schemes	279	234
Share option benefits	11	–
	3,574	5,377

The emoluments fell within the following bands:

	2008	**2007**
HK$1,000,001 – HK$1,500,000	1	–
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$3,000,000	1	–
HK$3,000,001 – HK$3,500,000	–	1
	2	2

During the year, no emoluments were paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2007: Nil).

9 FINANCE INCOME AND COSTS

	2008	**2007**
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	17,238	8,580
Finance costs		
Bank borrowings		
Wholly repayable within five years	11,571	9,655
Other loans		
Wholly repayable within five years	22,418	20,490
	33,989	30,145
Less: amount capitalised into properties under development *(a)*	(33,589)	(28,584)
	400	1,561

(a) Borrowing costs were capitalised at rates ranging from 3.19% to 7.56% (2007: 4.21% to 8.96%).

10 TAX CHARGE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rates of 18% to 25% (2007: 15%).

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	2008	**2007**
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Profits tax	111	153
Current tax – PRC		
Enterprise income tax	23,971	–
Land appreciation tax	46,866	–
	70,837	–
Deferred tax		
Recognition of temporary differences *(Note 28)*	–	76
Tax charge	70,948	229

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Profit before tax	199,732	158,439
Tax calculated at domestic tax rates applicable to profits in the respective countries	31,752	27,967
Income not subject to tax	(15,936)	(37,431)
Expenses not deductible for tax purposes	14,949	3,922
Utilisation of previously unrecognised tax losses	(14,549)	(1,683)
Land appreciation tax	46,866	–
Unrecognised tax losses	7,866	7,454
Tax charge	70,948	229

The weighted average applicable tax rate was 15.9% (2007: 17.6%). The year-on-year change is primarily caused by a change in the relative profitability of the Group's subsidiaries in the respective countries and the decrease in Hong Kong tax rate.

11 DISCONTINUED OPERATIONS

On 31 December 2008, the Group completed the disposal of 100% equity interest in Jaeger Oil and Chemical Holdings Limited and its subsidiaries for a cash consideration of HK$12,056,000.

An analysis of the results and cash flows of the discontinued operations is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Results		
Revenue	71,289	65,892
Expenses	(67,977)	(63,380)
Profit before tax from discontinued operations	3,312	2,512
Tax credit/(charge)	700	(1,224)
Profit after tax	4,012	1,288
Loss on disposal of subsidiaries	(4,487)	–
(Loss)/profit for the year from discontinued operations	(475)	1,288

	2008	**2007**
	HK$'000	*HK$'000*
Cash flows		
Operating cash flows	4,331	5,476
Investing cash flows	(324)	(351)
Financing cash flows	(5,580)	(2,839)
Total cash flows	(1,573)	2,286

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company includes a profit of approximately HK$38,367,000 (2007: HK$99,062,000) has been dealt with in the financial statements of the Company.

13 EARNINGS/(LOSS) PER SHARE – BASIC AND DILUTED

The calculation of basic and diluted earnings/(loss) per share is based on the Group's profit/(loss) attributable to equity holders divided by the weighted average number of ordinary shares in issue during the year.

The basic and diluted earnings/(loss) per share are the same since there are no potential dilutive shares for the year (2007: Nil). The Company's outstanding share options did not have a dilutive effect on the earnings/(loss) per share.

	2008	**2007**
Weighted average number of ordinary shares in issue *(thousands)*	902,380	773,340
Profit from continuing operations attributable to equity holders *(HK$'000)*	141,339	161,365
Earnings per share from continuing operations *(HK cents)*	15.66	20.87
(Loss)/profit from discontinued operations attributable to equity holders *(HK$'000)*	(475)	1,288
(Loss)/earnings per share from discontinued operations *(HK cents)*	(0.05)	0.16

14 DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

	Leasehold land and buildings (Note a) HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2008						
Opening net book amount	11,578	562	2,204	3,782	2,171	20,297
Exchange differences	–	–	38	58	15	111
Additions	–	5,265	193	1,477	959	7,894
Acquisition of a subsidiary	60,345	–	–	–	–	60,345
Revaluation gain	1,314	–	–	–	–	1,314
Reclassification to investment properties	(7,700)	–	–	–	–	(7,700)
Reclassification	(89)	546	262	(1,586)	867	–
Disposals	–	–	(8)	(45)	(76)	(129)
Depreciation	(487)	(646)	(391)	(903)	(899)	(3,326)
Disposal of subsidiaries	–	(378)	(280)	(320)	(149)	(1,127)
Closing net book amount	64,961	5,349	2,018	2,463	2,888	77,679
At 31 December 2008						
Cost	65,591	6,266	6,731	8,168	6,603	93,359
Accumulated depreciation and impairment	(630)	(917)	(4,713)	(5,705)	(3,715)	(15,680)
Net book amount	64,961	5,349	2,018	2,463	2,888	77,679

	Leasehold land and buildings *(Note a)* *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Year ended 31 December 2007						
Opening net book amount	10,247	580	1,196	2,981	2,541	17,545
Exchange differences	–	–	58	99	92	249
Additions	1,645	521	1,229	1,114	215	4,724
Acquisition of a subsidiary	–	–	–	460	–	460
Disposals	–	–	–	(66)	(51)	(117)
Provision for impairment	–	(10)	(8)	–	–	(18)
Depreciation	(314)	(529)	(271)	(806)	(626)	(2,546)
Closing net book amount	11,578	562	2,204	3,782	2,171	20,297
At 31 December 2007						
Cost	13,459	9,122	4,613	8,624	6,867	42,685
Accumulated depreciation and impairment	(1,881)	(8,560)	(2,409)	(4,842)	(4,696)	(22,388)
Net book amount	11,578	562	2,204	3,782	2,171	20,297

	2008 *HK$'000*	**2007** *HK$'000*
(a) Leasehold land	54,552	9,534
Buildings	10,409	2,044
	64,961	11,578

The carrying amounts of leasehold land and buildings are analysed as follows:

	2008 *HK$'000*	**2007** *HK$'000*
In Hong Kong, held on:		
Long-term leases (over 50 years)	60,162	6,554
In the PRC, held on:		
Long-term leases (over 50 years)	4,799	5,024
	64,961	11,578

16 INVESTMENT PROPERTIES

	2008 HK$'000	2007 HK$'000
At beginning of the year	341,249	290,769
Acquisition of a subsidiary	476,133	–
Reclassification from property, plant and equipment	7,700	–
Revaluation gain	72,877	50,480
At end of the year	897,959	341,249

The investment properties were revalued at 31 December 2008 by Vigers Appraisal & Consulting Limited, independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. Valuations were based on current prices in an active market for all properties.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

	2008 HK$'000	2007 HK$'000
In Hong Kong, held on:		
Long-term leases (over 50 years)	897,959	341,249

Investment properties with carrying amounts of approximately HK$343,959,000 (2007: HK$341,249,000) have been pledged as securities for bank borrowings (Note 27(a)).

17 GOODWILL

(a) Goodwill arising from acquisitions of subsidiaries are as follows:

	2008 HK$'000	2007 HK$'000
At beginning of the year	8,520	20,095
Exchange differences	483	979
Impairment	–	(12,554)
At end of the year	9,003	8,520

(b) Impairment test for goodwill

Goodwill is allocated to the cash-generating units ("CGU") identified as follows:

	2008 HK$'000	2007 HK$'000
CGU:		
Specialised construction	9,003	8,520

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a one-year period and extrapolated for the remaining operating period based on the following information with reference to past performance and expectation for market development.

	2008	**2007**
Estimated growth rate	5.00%	–10.00%
Discount rate	5.31%	7.47%

The estimated growth rates disclosed above applied to the five-year cash flow projections and no growth was assumed when extrapolating to later periods. The estimated growth rate of 5% used represents the general growth and inflation in the market. A negative growth rate of 10% was used for year ended 31 December 2007 since both the number and amounts of contracts on hand were lower than in prior years.

18 SUBSIDIARIES

(a) Investments in subsidiaries

	2008	**2007**
	HK$'000	*HK$'000*
Unlisted share investments, at cost	695,296	695,296
Less: provision for impairment	(629,759)	(621,016)
	65,537	74,280

(b) Loans to subsidiaries

	2008	**2007**
	HK$'000	*HK$'000*
Loans to subsidiaries	47,800	49,584
Less: provision for impairment	(47,800)	(47,800)
	–	1,784

Loans to subsidiaries of approximately HK$47,800,000 (2007: HK$47,800,000) are non-interest bearing. The remaining balances bore interest at commercial lending rates. All balances are unsecured and repayable on demand.

(c) Amounts due from/to subsidiaries

	2008	**2007**
	HK$'000	*HK$'000*
Amounts due from subsidiaries	1,618,034	1,080,342
Less: provision for impairment	(254,102)	(319,231)
	1,363,932	761,111
Amounts due to subsidiaries	13,682	–

The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

(d) List of principal subsidiaries as at 31 December 2008:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital *(note (i))*	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Best Pearl Development Limited	Hong Kong	1,000 shares of HK$1 each	–	100	Property investment
Bright Circle Limited	Hong Kong	10,000 shares of HK$1 each	–	100	Property investment
Condo (Hong Kong) Decoration Engineering Company Limited	Hong Kong	1 share of HK$1	–	100	Design and installation of curtain walls
龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Properties Co., Ltd.) *(note (ii))*	PRC	US$6,600,000	–	71	Property development
Eastrend (Hong Kong) Limited	Hong Kong	2 shares of HK$1 each	–	100	Property investment
Full Pacific Limited	Hong Kong	2 shares of HK$1 each	–	100	Property investment
Great Way Properties Limited	Hong Kong/ PRC	2 shares of HK$1 each	–	100	Property investment
Linkcheer Limited	Hong Kong	2 shares of HK$1 each	–	100	Property investment
Minmetals Land (China) Limited	Hong Kong/ Hong Kong and PRC	2 shares of HK$1 each	–	100	Provision of management service
Minmetals Land Investments Limited	British Virgin Islands/ Hong Kong	100 shares of US$10 each	100	–	Investment holding
ONFEM Finance Limited	British Virgin Islands/ Hong Kong	1,000 shares of US$1 each	100	–	Provision of financing for group companies
Oriental Dragon Construction Limited	Hong Kong/ Hong Kong and PRC	10,000 shares of HK$1 each	–	71	Investment holding

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital *(note (i))*	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd. *(note (iii))*	PRC	US$2,040,000	–	100	Design and installation of curtain walls and aluminium windows
Texion Development Limited	Hong Kong	50,000,000 shares of HK$1 each	–	100	Property investment
Tinnex Management Limited	Hong Kong	2 shares of HK$1 each	–	100	Property management
Top Gain Properties Limited	Hong Kong/ PRC	2 shares of HK$1 each	–	100	Property investment
Virtyre Limited	Hong Kong	2 shares of HK$10 each	–	100	Property investment
Wilson Murray Far East Limited	Hong Kong	100 shares of HK$10 each	–	100	Provision of construction project management services
Zhuhai (Oriental) Blue Horrison Properties Company Limited *(note (iv))*	PRC	RMB44,000,000	–	100	Property development
五礦建設(湖南)嘉和日盛房地產開發有限公司 *(note (v))*	PRC	RMB380,000,000	–	51	Property development

Notes:

(i) The class of shares held is ordinary unless otherwise stated. None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2008.

(ii) 龍建(南京)置業有限公司(Dragon Construction (Nanjing) Properties Co., Ltd.), a wholly-owned subsidiary of Oriental Dragon Construction Limited, is a foreign investment enterprise established in the PRC with an operating period of 15 years up to 2021.

(iii) Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd., a wholly-owned subsidiary of the Company, is a foreign investment enterprise established in the PRC with an operating period of 30 years up to 2023.

(iv) Zhuhai (Oriental) Blue Horrison Properties Company Limited, a wholly-owned subsidiary of the Company, is a foreign investment enterprise established in the PRC with an operating period of 23 years up to 2022.

(v) 五礦建設(湖南)嘉和日盛房地產開發有限公司is a Sino-foreign equity joint venture established in the PRC with an operating period of 20 years up to 2027.

19 INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw materials	1,480	6,384
Finished goods	–	4,253
	1,480	10,637
Less: provision for inventory obsolescence	–	(3,671)
Manufacturing and trading stocks, net	1,480	6,966
Properties held for sale – located in the PRC	15,934	–
Properties under development – located in the PRC *(a)*	1,217,523	1,304,870
	1,233,457	1,304,870
Total	1,234,937	1,311,836

(a) Properties under development

	2008	2007
	HK$'000	*HK$'000*
Land use rights	731,673	835,083
Construction in progress	485,850	469,787
	1,217,523	1,304,870

Properties under development with carrying amounts of approximately HK$428,665,000 (2007: HK$476,132,000) have been pledged as securities for bank borrowings (Note 27(a)).

20 TRADE AND OTHER RECEIVABLES

The Group

	2008	2007
	HK$'000	*HK$'000*
Trade and contract receivables, net *(a)*	169,812	149,057
Retention receivables *(Note 21)*	46,454	35,943
Deposits	7,479	7,713
Prepayments *(b)*	22,726	61,727
Others	4,967	8,478
	251,438	262,918

The Company

	2008	2007
	HK$'000	*HK$'000*
Deposits	143	92
Prepayments	254	421
Others	65	47
	462	560

The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group

	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollar	19,984	27,045
RMB	231,454	235,873
	251,438	262,918

The Company

	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollar	462	560

(a) The aging analysis of trade and contract receivables is as follows:

The Group

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	39,899	62,949
31 to 60 days	31,811	37,634
61 to 90 days	25,525	15,277
Over 90 days	73,773	43,835
	171,008	159,695
Less: provision for impairment	(1,196)	(10,638)
	169,812	149,057

No credit period is granted by the Group to the customers for contract receivables. For the year ended 31 December 2007, credit period of 30 days to 60 days from the date of invoice was granted to customers for trade receivables.

The credit quality of the receivables that are neither past due nor impaired can be assessed by the good repayment history and no default in the past.

Trade and contract receivables that are less than six months and one year past due respectively are generally not considered impaired. Trade and contract receivables of HK$169,812,000 (2007: HK$136,311,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade and contract receivables is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Past due days		
0 to 90 days	97,235	103,313
Over 90 days	72,577	32,998
	169,812	136,311

Trade and contract receivables of HK$1,196,000 (2007: HK$10,638,000) were impaired and provision for impairment was made. The individually impaired receivables mainly relate to construction customers, which are in unexpected difficult financial situations. The aging of these receivables is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Past due days		
Over six months	1,196	10,638

Movements in the provision for impairment of trade and contract receivables are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
At beginning of the year	10,638	17,809
Exchange differences	382	311
Disposal of subsidiaries	(170)	–
Provision for impairment	52	4,226
Receivables written off during the year as uncollectible	(9,706)	(11,708)
At end of the year	1,196	10,638

The creation of provision for impaired receivables have been included in administrative expenses in the consolidated income statement.

(b) Prepayments include prepaid taxes and other charges of approximately HK$16,265,000 (2007: HK$55,869,000) in relation to the deferred revenue received.

The other classes within trade and other receivables do not contain past due or impaired assets.

The maximum exposure to credit risk at the reporting dates is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security.

21 CONSTRUCTION CONTRACTS IN PROGRESS

	2008	2007
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	582,217	312,796
Less: progress billings	(581,889)	(311,921)
Gross amounts due from customers for contract work	328	875

Retentions held by customers for contract work included in trade and other receivables of the Group under Note 20 amounted to approximately HK$46,454,000 (2007: HK$35,943,000).

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008	2007
	HK$'000	*HK$'000*
At beginning of the year	–	136,080
Disposals	–	(136,080)
At end of the year	–	–

Available-for-sale financial assets include the following:

	2008	2007
	HK$'000	*HK$'000*
Unlisted securities, at cost	243,600	243,600
Less: provision for impairment	(243,600)	(243,600)
Total	–	–

23 RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	2008	2007
	HK$'000	*HK$'000*
Restricted cash	8,687	–
Pledged deposits	5,601	17,850
	14,288	17,850

As at 31 December 2008, the effective interest rate was 3.19% (2007: 2.46%).

The Company

	2008	2007
	HK$'000	*HK$'000*
Pledged deposits	5,601	5,000

As at 31 December 2008, the effective interest rate was 1.7% (2007: 3.0%).

The carrying amounts of restricted cash and pledged deposits are denominated in the following currencies:

The Group

	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollar	5,601	5,000
RMB	8,687	12,850
	14,288	17,850
Maximum exposure to credit risk	14,288	17,850

The Company

	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollar	5,601	5,000
Maximum exposure to credit risk	5,601	5,000

The restricted cash represents performance deposits placed in banks. Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group (Note 27(a)).

24 CASH AND CASH EQUIVALENTS

The Group

	2008	2007
	HK$'000	*HK$'000*
Cash at banks	287,074	400,452
Short-term deposits	348,657	396,221
Cash on hand	122	111
Cash and bank deposits *(a)*	635,853	796,784
Bank overdrafts *(Note 27)*	–	(101)
	635,853	796,683
Maximum exposure to credit risk	635,731	796,673

Short-term deposits mature approximately in 16 days (2007: 86 days) from the balance sheet date. As at 31 December 2008, the effective interest rate was 1.90% (2007: 2.90%) per annum.

The Company

	2008	**2007**
	HK$'000	*HK$'000*
Cash at banks	14,756	1,206
Short-term deposits	12,615	17,657
Cash on hand	17	20
Cash and bank deposits *(a)*	27,388	18,883
Maximum exposure to credit risk	27,371	18,863

(a) The carrying amounts of cash and bank deposits are denominated in the following currencies:

The Group

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollar	56,001	37,010
RMB	575,959	759,544
US dollar	3,873	198
Other currencies	20	32
	635,853	796,784

The Company

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollar	27,229	18,680
US dollar	139	171
Other currencies	20	32
	27,388	18,883

25 SHARE CAPITAL

	2008 No. of shares ('000)	2008 Amount HK$'000	2007 No. of shares ('000)	2007 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each	1,113,832	111,383	773,832	77,383

During the year, the Company allotted and issued 340,000,000 ordinary shares of HK$0.1 each at HK$1.58 per share as consideration for the acquisition of a subsidiary (Note 31(b)) (2007: 1,650,000 ordinary shares of HK$0.1 each at HK$0.83 per share as a result of the exercise of share options).

(a) **Share options**

On 29 May 2003, the Company adopted a share option scheme under which the Directors may, at their discretion, invite any person who has contributed or will contribute to the Group to take up options at a nominal consideration of HK$10 for each lot of share options granted.

(i) All share options granted under the share option scheme prior to 1 January 2008 have expired as at 31 December 2007.

On 1 December 2008, 7,850,000 and 5,780,000 share options were granted to directors and certain eligible employees respectively at an exercise price of HK$0.51, which represents the closing price of the Company's shares on the Stock Exchange of Hong Kong Limited on the date of grant. Details of the share options granted are as follows:

Category of participants	Exercise period of share options	Exercise price HK$	2008 Number of share options ('000)	2007 Number of share options ('000)
Directors	1 December 2010 to 30 November 2018	0.51	7,850	–
Employees	1 December 2010 to 30 November 2018	0.51	5,780	–
			13,630	–

The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. These options are exercisable in three tranches: the maximum percentage of options exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

(ii) Movements in the above share options are as follows:

	2008 Number of share options *('000)*	2007 Number of share options *('000)*
At beginning of the year	–	14,800
Granted	13,630	–
Exercised	–	(1,650)
Lapsed	–	(13,150)
At end of the year	13,630	–

(iii) The fair value of the share options granted during the year is estimated at approximately HK$0.34 each using the Trinomial Option Pricing Model. Values are appraised based on the risk-free rate of 1.75% per annum with reference to the average yield of the Exchange Fund Notes of comparable terms, an approximate two-year historical volatility of 82.3%, assuming no dividend and an expected option life of five years.

26 RESERVES

(a) Group

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Available-for-sale financial assets revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balance as at 1 January 2007	409,738	600,412	769	–	119,160	8,314	–	(397,782)	740,611
Issue of shares on exercise of share options	1,204	–	–	–	–	–	–	–	1,204
Disposal of available-for-sale financial assets	–	–	–	–	(119,160)	–	–	–	(119,160)
Currency translation adjustments	–	–	–	–	–	15,399	–	–	15,399
Profit for the year	–	–	–	–	–	–	–	162,653	162,653
Balance at 31 December 2007	410,942	600,412	769	–	–	23,713	–	(235,129)	800,707
Issue of new shares	503,200	–	–	–	–	–	–	–	503,200
Employee share option benefits	–	–	–	133	–	–	–	–	133
Revaluation gain of property, plant and equipment	–	–	–	–	–	–	1,314	–	1,314
Currency translation adjustments	–	–	–	–	–	24,459	–	–	24,459
Profit for the year	–	–	–	–	–	–	–	140,864	140,864
Balance as at 31 December 2008	914,142	600,412	769	133	–	48,172	1,314	(94,265)	1,470,677

(b) Company

	Share premium	Contributed surplus	Capital redemption reserve	Employee share-based compensation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2007	409,738	575,220	769	–	(304,359)	681,368
Issue of shares on exercise of share options	1,204	–	–	–	–	1,204
Profit for the year	–	–	–	–	99,062	99,062
Balance at 31 December 2007	410,942	575,220	769	–	(205,297)	781,634
Issue of new shares	503,200	–	–	–	–	503,200
Employee share option benefits	–	–	–	133	–	133
Profit for the year	–	–	–	–	38,367	38,367
Balance at 31 December 2008	914,142	575,220	769	133	(166,930)	1,323,334

(c) Contributed surplus mainly represents the excess of the fair value of shares in Minmetals Land Investments Limited acquired by the Company over the nominal value of the new shares of the Company issued pursuant to the Share Exchange Agreement dated 19 November 1991.

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.

(d) As at 31 December 2008, the aggregate amount of reserves available for distribution to shareholders of the Company was approximately HK$409,059,000 (2007: HK$370,692,000).

27 BORROWINGS

	2008 *HK$'000*	2007 *HK$'000*
Non-current		
Loan from a minority investor, unsecured *(Note 34)*	–	204,923
Current		
Bank overdrafts, secured	–	101
Bank loans, secured	259,222	273,798
Bank borrowings, secured *(a)*	259,222	273,899
Loan from a fellow subsidiary, secured *(Note 34)*	169,711	87,601
Loan from a minority investor, unsecured *(Note 34)*	210,201	–
	639,134	361,500
Total borrowings	639,134	566,423

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2008 amounted to approximately HK$361,517,000 (2007: HK$330,456,000), of which approximately HK$81,396,000 (2007: HK$37,414,000) was unutilised. As at 31 December 2008, the assets pledged by the Group as securities for the banking facilities are as follows:

(i) fixed deposits of the Group of approximately HK$5,601,000 (2007: HK$17,850,000), including that of the Company of approximately HK$5,601,000 (2007: HK$5,000,000);

(ii) Investment properties with carrying amounts of approximately HK$343,959,000 (2007: HK$341,249,000);

(iii) properties under development with carrying amounts of approximately HK$428,665,000 (2007: HK$476,132,000); and

(iv) corporate guarantees given by the Company.

(b) The maturity of the Group's borrowings is as follows:

	2008 *HK$'000*	2007 *HK$'000*
Bank borrowings		
Within one year	259,222	273,899
Loan from a fellow subsidiary		
Within one year	169,711	87,601
Loan from a minority investor		
Within one year	210,201	–
In the second year	–	204,923
	210,201	204,923

(c) All the borrowings are on a floating interest rate basis. The effective interest rates at the balance sheet dates were as follows:

	2008		2007	
	HK$	**RMB**	**HK$**	**RMB**
Non-current				
Loan from a minority investor	–	–	–	7.56%
Current				
Bank overdrafts	–	–	6.75%	–
Bank loans	3.19%	5.67%	4.21%	8.79%
Loan from a fellow subsidiary	–	5.67%	–	6.92%
Loan from a minority investor	–	5.40%	–	–

The fair values of borrowings approximate their carrying amounts. The fair values are based on cash flows discounted using the weighted average borrowing rate as at 31 December 2008 of 4.78% (2007: 6.42%) per annum.

(d) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollar	200,857	201,255
RMB	438,277	365,168
	639,134	566,423

28 DEFERRED TAX

	2008	**2007**
	HK$'000	*HK$'000*
Deferred tax assets	–	–
Deferred tax liabilities	(7,069)	(123)
	(7,069)	(123)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets

	2008	**2007**
	HK$'000	*HK$'000*
Tax losses		
At beginning of the year	–	932
Recognised in the consolidated income statement	–	(932)
At end of the year	–	–

Deferred tax liabilities

	2008	2007
	HK$'000	*HK$'000*
Fair value gain		
At beginning of the year	123	–
Recognised in the consolidated income statement	–	123
At end of the year	123	123
Accelerated differences		
At beginning of the year	–	–
Acquisition of a subsidiary	6,946	–
At end of the year	6,946	–

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. At 31 December 2008, the Group had unrecognised tax losses in Hong Kong of approximately HK$143,648,000 (2007: HK$136,193,000) to carry forward against future taxable income; these tax losses have no expiry date. In addition, the Group had unrecognised tax losses in the PRC of approximately HK$30,505,000 (2007: HK$90,450,000). These tax losses will expire by 2012.

29 TRADE AND OTHER PAYABLES

The Group

	2008	2007
	HK$'000	*HK$'000*
Trade, bills and contract payables *(a)*	134,333	151,531
Retention payables	39,810	29,998
Accruals and other payables	258,968	55,135
Rental deposits received	5,081	1,571
Amount due to a minority investor *(Note 34)*	11,130	7,422
Amount due to a fellow subsidiary *(Note 34)*	–	21,946
	449,322	267,603

The Company

	2008	2007
	HK$'000	*HK$'000*
Accruals and other payables	14,521	2,585
Provisions *(b)*	–	16
	14,521	2,601

The carrying amounts of trade and other payables are denominated in the following currencies:

The Group

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollar	49,050	34,787
RMB	389,142	224,596
US dollar	11,130	7,422
Other currencies	–	798
	449,322	267,603

The Company

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollar	14,521	2,585

(a) The aging analysis of trade, bills and contract payables of the Group is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
0 to 30 days	29,222	47,493
31 to 60 days	18,116	32,234
61 to 90 days	21,280	17,871
Over 90 days	65,715	53,933
	134,333	151,531

(b) *Provisions*

The Company

	2008	**2007**
	HK$'000	*HK$'000*
At beginning of the year	16	7,351
Unused amounts reversed	(16)	(7,335)
At end of the year	–	16

The amount represents the provision made for corporate guarantees in respect of banking facilities extended to subsidiaries.

30 PENSION OBLIGATIONS

The Group participates in a defined contribution pension scheme and a Mandatory Provident Fund ("MPF") scheme for the eligible employees in Hong Kong.

Before 1 December 2000, a defined contribution pension scheme was provided to certain eligible employees ("Employees") employed by the Group. The Group was required to make monthly contributions to the scheme at 5% of the Employees' monthly salary but have ceased the contributions since 1 December 2000. Employees under the defined contribution scheme are entitled to 100% of the employer's contributions and the accrued interest upon retirement or upon leaving the Group after completing ten years of service from the date of joining the Group, or at a scale of between 20% and 90% after completing at least two but less than ten years of service from the date of joining the Group.

Under the MPF scheme, the Company and each of the Hong Kong subsidiaries of the Company make monthly contributions to the MPF at 5% of the employees' cash income as defined under the MPF legislation. Contributions by both the Company/Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,000 per month per employee and thereafter contributions are voluntary and are not subject to any limitation. The mandatory contributions under the MPF are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees. In addition to the mandatory contribution, employees are entitled to 100% of the employers' voluntary contributions to the fund plus investment earnings upon leaving employment after completing ten years of service, or upon retirement after attaining the retirement age notwithstanding the number of years of service, or upon death or ceasing to be an employee due to total incapacity. Employees are also entitled to the employers' voluntary contributions to the fund plus investment earnings calculated at a scale of between 20% and 90% after completing a period of service of at least two but less than ten years.

The Group's contributions to the MPF scheme are expensed as incurred. Contributions to the scheme are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Forfeited contributions totalling approximately HK$217,000 (2007: HK$26,000) were utilised during the year and there were no unutilised forfeited contributions available as at 31 December 2008 (2007: Nil).

As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC as determined by the local government. The Group is required to contribute to the plan at a rate ranging from 10% to 22% of the basic salary of the PRC employees in addition to contributions by employees at a rate of 8% of the basic salary as specified by the local government, and the Group has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before tax to cash (used in)/generated from operations

	2008 *HK$'000*	**2007** *HK$'000*
Profit before tax		
– continuing operations	199,732	158,439
– discontinued operations	3,312	2,512
Interest income	(17,238)	(8,645)
Interest expense	418	1,579
Depreciation	3,326	2,546
Revaluation gain on investment properties	(72,877)	(50,480)
Provision for impairment of goodwill	–	12,554
Provision for impairment of property, plant and equipment	–	18
Loss on disposals of property, plant and equipment	99	–
Share option benefits	133	–
Provision for inventory obsolescence	–	1,150
Provision for impairment of receivables	52	4,226
Gain on disposal of available-for-sale financial assets	–	(140,911)
Operating profit/(loss) before working capital changes	116,957	(17,012)
Decrease/(increase) in other assets	437	(240)
Decrease/(increase) in inventories	103,350	(215,952)
Decrease in trade and other receivables	1,761	53,665
Decrease/(increase) in gross amounts due from customers for contract work	547	(258)
Increase in trade and other payables	181,781	98,953
(Decrease)/increase in deferred revenue	(638,250)	833,245
Increase in other liabilities	2,860	2,073
Exchange adjustments	36,799	17,723
Cash (used in)/generated from operations	(193,758)	772,197

(b) Acquisition of subsidiaries

On 15 August 2008, the Group acquired 100% of the share capital of Texion Development Limited ("Texion") which is principally engaged in property investment in Hong Kong. The acquisition was considered as an acquisition of a group of assets and liabilities, and was outside the scope of HKFRS 3 "Business Combinations". The acquisition was settled by allotment of the Company's shares, hence it was considered as a significant non-cash transaction during the year (Note 25).

On 20 July 2007, the Group acquired 51% of the share capital of 五礦建設(湖南)嘉和日盛房地產開發有限公司 ("嘉和日盛"). 嘉和日盛 is principally engaged in property development and it contributed revenue of HK$nil and net loss of HK$1,354,000 to the Group for the period from 20 July 2007 to 31 December 2007. If the acquisition had occurred on 1 January 2007, the Group's revenue would have been increased by HK$nil and profit for the year would have been decreased by HK$3,440,000. These amounts have been calculated using the accounting policies of the Group.

The assets and liabilities as of the respective acquisition dates are as follows:

	Texion **As at 15 August 2008** *HK$'000*	**嘉和日盛** **As at 20 July 2007** *HK$'000*
Net assets acquired		
Property, plant and equipment	60,345	460
Investment properties	476,133	–
Inventories	–	579,843
Current tax recoverable	707	–
Trade and other receivables	857	153,580
Cash and bank deposits	11,937	73,840
Trade and other payables	(5,833)	(327)
Short-term borrowings	–	(410,748)
Deferred tax liabilities	(6,946)	–
Minority interests	–	(194,848)
	537,200	201,800
Satisfied by cash	–	201,800
Satisfied by allotment of shares	537,200	–
Total consideration	537,200	201,800

The fair values of all assets and liabilities acquired as of the respective acquisition dates, 15 August 2008 and 20 July 2007, approximate their carrying amounts.

Analysis of the net cash inflow/(outflow) in respect of the acquisition of subsidiaries:

	Texion **2008** *HK$'000*	**嘉和日盛** **2007** *HK$'000*
Cash and bank deposits acquired	11,937	73,840
Less: cash consideration	–	(201,800)
Net cash inflow/(outflow) in respect of the acquisition of subsidiaries	11,937	(127,960)

(c) Disposal of subsidiaries

The assets and liabilities disposed during the year are as follows:

	Carrying amounts
	HK$'000
Property, plant and equipment	1,127
Inventories	7,138
Trade and other receivables	10,524
Cash and bank deposits	3,649
Trade and other payables	(5,895)
Net assets disposed	16,543
Loss on disposal of subsidiaries	(4,487)
Proceeds on disposal	12,056
Net inflow of cash and cash equivalents on disposal:	
Proceeds received in cash	12,056
Cash and cash equivalents in subsidiaries disposed	(3,649)
	8,407

32 FINANCIAL GUARANTEES

At 31 December 2008, the Company had executed corporate guarantees amounting to approximately HK$310,291,000 (2007: HK$253,867,000), to various banks in respect of banking facilities extended to subsidiaries. At 31 December 2008, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$228,895,000 (2007: HK$216,453,000).

At 31 December 2008, the Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK$422,249,000 (2007: HK$346,887,000).

33 COMMITMENTS

(a) The Group had capital commitments as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Contracted but not provided for		
Property development	289,816	338,338
Capital contribution in a new property development company *(note 35)*	514,101	–
Others	187	–
	804,104	338,338

As at 31 December 2008, the Company did not have any outstanding capital commitments (2007: Nil).

(b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	2008	2007
	HK$'000	*HK$'000*
Not later than one year	4,010	4,539
Later than one year but not later than five years	199	5,279
After five years	–	1,278
	4,209	11,096

As at 31 December 2008, the Company did not have any operating lease commitments (2007: Nil).

(c) The Group leases out investment properties under operating leases which generally run for initial periods of one to three years. None of the leases includes contingent rentals.

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2008	2007
	HK$'000	*HK$'000*
Not later than one year	35,897	17,663
Later than one year but not later than five years	19,410	15,701
	55,307	33,364

As at 31 December 2008, the Company did not have any future lease receipts (2007: Nil).

34 RELATED PARTY TRANSACTIONS

The Directors consider the immediate holding company to be June Glory International Limited, a company incorporated in the British Virgin Islands; the intermediate holding company to be China Minmetals H.K. (Holdings) Limited ("Minmetals HK"), a company incorporated in Hong Kong; and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a company incorporated in the PRC.

China Minmetals itself is controlled by the PRC government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include China Minmetals and its subsidiaries, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Group is able to control or exercise significant influence and key management personnel of the Group and China Minmetals as well as their close family members.

For the purpose of the related party transactions disclosures, the Group has identified, to the extent practicable, its tenants as to whether they are state-owned enterprises. However, many state-owned enterprises have a multi-layered corporate structure and the ownership structure may also change over time as a result of the transfers and privatization programmes. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

The Group had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of the Group:

(a) Transactions with related parties

	2008 *HK$'000*	2007 *HK$'000*
Construction project management service revenue from a fellow subsidiary *(note (i))*	563	2,467
Specialised construction revenue from related companies *(note (ii))*	78,036	152,886
Construction costs to a fellow subsidiary for real estate development projects *(note (iii))*	114,450	22,540
Construction costs to related companies for real estate development projects *(note (ii))*	82,554	66,846
Rental income from fellow subsidiaries *(note (iv))*	2,407	–
Rental expenses and license fees to fellow subsidiaries *(note (iv))*	1,392	1,536
Loan interest costs to a minority investor *(note (v))*	15,316	13,504
Loan interest costs to a fellow subsidiary *(note (vi))*	6,480	5,832
Interest costs to a fellow subsidiary *(note (vii))*	621	559
Loan interest costs to state-owned banks *(note (ii))*	11,172	8,669
Bank interest income from state-owned banks *(Note (ii))*	17,022	5,872
Payment to local governments in the PRC for settlement of land costs *(note (ii))*	–	517,271

(b) Balances with related parties

	2008 *HK$'000*	2007 *HK$'000*
Contract receivable from a fellow subsidiary for construction project management services *(note (i))*	–	4,447
Contract and other receivables from related companies for specialised construction contracts *(note (ii))*	71,009	48,305
Contract payable to a fellow subsidiary for real estate development projects *(note (iii))*	21,469	8,800
Contract payable to a related company for real estate development projects *(note (ii))*	59,958	3,383
Loan from a minority investor *(note (v))*	210,201	204,923
Short-term loans from a fellow subsidiary *(note (vi))*	169,711	87,601
Amount due to a fellow subsidiary *(note (vii))*	–	21,946
Amount due to a minority investor *(note (viii))*	11,130	7,422
Bank borrowings from state-owned banks *(note (ii))*	251,658	265,353
Bank deposits in state-owned banks *(note (ii))*	638,471	752,661

(c) Key management compensation

	2008 *HK$'000*	2007 *HK$'000*
Salaries and short-term employee benefits	8,002	5,720
Pension costs – defined contribution plans	60	60
Share option benefits	77	–
	8,139	5,780

Notes:

(i) Details of the construction project management agreement dated 29 July 2004 entered into between a subsidiary and a fellow subsidiary of the Company have been published in the Company's announcement dated 29 July 2004. The transaction constituted a connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(ii) As China Minmetals is a state-owned enterprise, the PRC Government is considered as the Company's ultimate controlling party. Other state-controlled enterprises and their subsidiaries, in addition to China Minmetals, directly or indirectly controlled by the PRC Government are also considered as related parties of the Group. To balance the cost and benefit in making disclosure, the Group has only disclosed material transactions with such state-controlled enterprises.

(iii) Details of the construction contracts dated 31 July 2007 and 30 September 2008 entered into between subsidiaries and a fellow subsidiary of the Company have been published in the Company's announcements dated 31 July 2007 and 30 September 2008. The transactions constituted connected transactions as defined in the Listing Rules.

(iv) Rental income, rental expenses and license fees received from/paid to fellow subsidiaries of the Company were based on the agreements entered into between the parties involved with reference to market rates. The transactions constituted continuing connected transactions as defined in the Listing Rules.

(v) The unsecured, long-term loan from a minority investor, an indirect subsidiary of China Minmetals, bears interest at the floating rate for Renminbi 1-3 years term loans as quoted by The People's Bank of China per annum from time to time, and is repayable on 12 November 2009. The transactions constituted connected transactions as defined in the Listing Rules.

(vi) The short-term loan from a fellow subsidiary made on 14 October 2008, for working capital purposes to a subsidiary of the Company for a term of 1 year bearing interest at the rate of 7.2765% per annum, are secured by corporate guarantee from Minmetals HK. The short-term loans from a fellow subsidiary made on 11 January 2007 and 19 March 2007, for working capital purposes to a subsidiary of the Company for a term of 1 year bearing interest at the rate of 6.732% and 7.029% per annum respectively, were secured by corporate guarantees from Minmetals HK and were repaid during the year. The transactions constituted connected transactions as defined in the Listing Rules.

(vii) The amount due to a fellow subsidiary bears interest at the floating rate of 90% of the rate for Renminbi short-term loans as quoted by The People's Bank of China per annum from time to time, is unsecured and repaid during the year. The transactions constituted connected transaction as defined in the Listing Rules.

(viii) The amount due to a minority investor of a subsidiary of the Company, is unsecured and repayable on demand.

35 EVENT AFTER BALANCE SHEET DATE

Subsequent to 31 December 2008, the Group has injected RMB455,400,000 (approximately HK$514,101,000) to 五礦地產南京有限公司 ("五礦地產南京"), for the acquisition of 50.89% equity interests in五礦地產南京. The transaction is expected to be completed by end of April 2009, upon the issue of the relevant legal documents. Details of the transaction were set out in the circular of the Company dated 14 November 2008.

INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had aggregate outstanding borrowings of approximately HK$1,546,273,000, of which secured borrowings amounted to HK$925,751,000 (comprising secured short-term bank loans of approximately HK$324,475,000, secured long-term bank loans of approximately HK$430,000,000 and secured short-term loan from a fellow subsidiary of approximately HK$171,276,000), and unsecured short-term loans amounted to HK$620,522,000 (comprising the loans from minority investors of subsidiaries). As at the close of business on 30 April 2009, approximately HK$703,206,000 (representing secured loans) of the total borrowings of the Group was guaranteed by the Company through corporate guarantees while the remaining HK$843,067,000 was not guaranteed by the Company.

Securities, charges, guarantees and contingent liabilities

As at the close of business on 30 April 2009, the aggregate outstanding borrowings of the Group amounting to approximately HK$925,751,000 were secured by (i) pledged deposits of the Group of approximately HK$5,620,000; (ii) investment properties of the Group with carrying amounts of approximately HK$897,959,000; (iii) leasehold land and buildings of the Group with carrying amounts of approximately HK$60,000,000; (iv) properties under development of the Group with carrying amounts of approximately HK$477,425,000; and (v) corporate guarantees provided by the Company.

As at the close of business on 30 April 2009, the Group has provided guarantees in respect of mortgage facilities granted by certain banks in relation to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK$423,531,000.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 April 2009.

WORKING CAPITAL

The Directors are of the opinion that after taking into account the Group's presently available banking facilities and internal resources, the Group will have sufficient working capital, in the absence of unforeseeable circumstances, to meet its present requirements for the next 12 months from the date of this Prospectus.

MATERIAL ADVERSE CHANGE

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

I. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2008.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 31 December 2008 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the consolidated net tangible assets of the Group as at 31 December 2008 and adjusted to reflect the effect of the Rights Issue:

Adjusted consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 31 December 2008	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 31 December 2008**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 31 December 2008**
HK$'000	*HK$'000*	*HK$'000*	*HK$*
Note 1	*Note 2*		*Note 3*
1,573,057	522,001	2,095,058	1.25

Notes:

1. The adjusted consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 31 December 2008 of approximately HK$1,573,057,000 is based on the audited consolidated net assets of the Group attributable to the Shareholders of the Company as at 31 December 2008 of approximately HK$1,582,060,000 with an adjustment for goodwill as at 31 December 2008 of approximately HK$9,003,000, as extracted from the published annual report of the Group for the year ended 31 December 2008 as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Rights Issue are based on 556,915,891 Rights Shares to be issued at the Subscription Price of HK$0.94 per Rights Share, after deduction of the related expenses of approximately HK$1,500,000 and without taking into account of any additional Shares to be issued upon the exercise of any outstanding Share Options.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is calculated based on unaudited pro forma adjusted consolidated net tangible assets of the Group of approximately HK$2,095,058,000 and 1,670,747,674 Shares in issue (on the basis that there were 1,113,831,783 Shares in issue as at 31 December 2008 and 556,915,891 Rights Shares were issued under the Rights Issue assuming that the Rights Issue has been completed on 31 December 2008 but takes no account of any Shares to be issued upon the exercise of Share Options).

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2008.

II. REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF MINMETALS LAND LIMITED

We report on the unaudited pro forma financial information of Minmetals Land Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on page II-1 under the headings of "Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 9 June 2009 (the "Prospectus"), in connection with the proposed rights issue of the Company (the "Rights Issue"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Rights Issue might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page II-1 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the adjusted consolidated net tangible assets of the Group attributable to the shareholders of the Company as at 31 December 2008 with the audited consolidated financial statements of the Group as at 31 December 2008, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the adjusted net tangible assets of the Group as at 31 December 2008 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 9 June 2009

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL AND SHARE OPTIONS

Share Capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were and immediately following the Rights Issue (assuming the Rights Issue becoming unconditional and 556,915,891 Rights Shares will be issued) will be as follows:–

Authorised:	*HK$*
2,000,000,000 ordinary shares of HK$0.10 each	200,000,000.00
Issued, to be issued and fully paid or credited as fully paid:	
1,113,831,783 Shares in issue as at the Latest Practicable Date	111,383,178.30
556,915,891 Rights Shares to be issued pursuant to the Rights Issue	55,691,589.10
Total:	
1,670,747,674 Shares	167,074,767.40

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital.

The Rights Shares, when issued, allotted and fully paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.

The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed in this Prospectus, no share or loan capital of the Company has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

Share Options

As at the Latest Practicable Date, there were 13,630,000 outstanding Share Options granted to eligible participants of the Share Option Scheme of the Company, to subscribe for an aggregate of 13,630,000 Shares, representing approximately 1.2% of the issued share capital of the Company. None of the 13,630,000 outstanding Share Options shall be exercisable on or before the Record Date.

The following are details of the outstanding Share Options granted to the Directors and employees of the Group as at the Latest Practicable Date:

Date of grant	Vesting period *(both days inclusive)*	Exercisable period *(both days inclusive)*	Exercise price per Share *(HK$)*	Consideration *(HK$)*
1 December 2008	1 December 2008 to 30 November 2010	1 December 2010 to 30 November 2018 *(Note)*	0.51	10.00

Note: The 13,630,000 outstanding Share Options are exercisable at HK$0.51 per Share in three tranches: the maximum percentage of Share Options exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Principal place of business in Hong Kong	18th Floor China Minmetals Tower 79 Chatham Road South Tsimshatsui Kowloon Hong Kong
Authorised representatives	Mr. He Jianbo Ms. He Xiaoli
Company secretary	Ms. Chung Wing Yee, Zoe (an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators)

Underwriter	June Glory
Legal advisers to the Company	*As to Hong Kong law:* JSM 16th – 19th Floors Prince's Building 10 Chater Road Central Hong Kong *As to Bermuda laws:* Appleby 8th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
Auditor	PricewaterhouseCoopers 22nd Floor Prince's Building 10 Chater Road Central Hong Kong
Branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong China Construction Bank Corporation 44th – 45th Floors, Tower One Lippo Centre 89 Queensway Admiralty Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor ICBC Tower 3 Garden Road Central Hong Kong

4. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographies of the Directors and the senior management of the Group are set out below:

Non-executive Director

Mr. Zhou Zhongshu, *Chairman*

Mr. Zhou, aged 56, was appointed as an Executive Director and the Chairman of the Company in February 2006. Mr. Zhou was then re-designated as a Non-executive Director of the Company in May 2006. He is the president of China Minmetals and the chairman of China Minmetals Non-ferrous Metals Company Limited and Minmetals HK. Mr. Zhou is also the chairman of Minmetals Development Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange) and a non-executive director and the chairman of Minmetals Resources Limited (a company whose shares are listed on the Stock Exchange).

Mr. Zhou graduated from Shanghai International Studies University in the PRC and majored in Spanish language. He joined China Minmetals in 1978. From 2000 to 2002, Mr. Zhou was the Commercial Counsellor of the Chinese Embassy in Spain. Mr. Zhou has over 30 years experience in international trading, strategic investment and real estate development business.

Executive Directors

Mr. Qian Wenchao, *Deputy Chairman*

Mr. Qian, aged 44, was appointed as an Executive Director of the Company in November 2003. In December 2006, Mr. Qian was nominated to the position of the Deputy Chairman of the Company. He is also a director of Minmetals HK. Mr. Qian graduated from Beijing Technology and Business University with a Bachelor of Arts Degree in 1987 and completed his graduate study in accounting in the same university in 1989. He joined China Minmetals in 1989 and was assigned to the Overseas Enterprises Division of China Minmetals with responsibilities in financial management. Mr. Qian has over 12 years of experience in corporate financial management.

Mr. He Jianbo, *Managing Director*

Mr. He, aged 39, was appointed as an Executive Director and Managing Director of the Company in December 2007 and is responsible for the operation of and strategic planning for the Company. Mr. He is a Senior International Business Engineer in the PRC. He graduated from the Peking University in 1992 with a Bachelor's Degree in Economics. He also obtained a Master's Degree in International Finance from the Peking University and a Master's Degree in Business Administration from Saint Mary's University of Canada. Mr. He joined China Minmetals in 1992 and had served the positions of director of general administrative office, director of strategic planning division and a member of the strategic planning committee of China Minmetals. He had been the secretary of the board of directors and is a director of Minmetals HK. Mr. He has over 16 years of experience in corporate management, strategic planning and investment.

Mr. Yin Liang, *Senior Deputy Managing Director*

Mr. Yin, aged 40, was appointed as an Executive Director and a Deputy Managing Director of the Company in December 2006. Mr. Yin is the Senior Deputy Managing Director of the Company. He graduated from the University of International Business and Economics of China in 1991 with a Bachelor of Law Degree and obtained a Master's Degree in Business Administration from Saint Mary's University of Canada and a Master's Degree in Law from the University of Hong Kong. Mr. Yin joined China Minmetals in 1991 and had served various departments of China Minmetals group for trading, legal affairs, investment and corporate management. Mr. Yin was a director of Shenzhen SDG Information Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange, for the period from 15 September 2004 to 29 April 2009. Mr. Yin has extensive experience in investment and corporate management.

Mr. Yan Xichuan, *Deputy Managing Director*

Mr. Yan, aged 62, was appointed as an Executive Director and a Deputy Managing Director of the Company in August 2002. Mr. Yan is responsible for the operation and strategic planning of the Company's subsidiaries which are principally engaged in specialised construction business. He graduated from Chongqing Architectural University in 1970 and is a qualified senior engineer. He joined China State Construction Engineering Corporation in 1970 and was transferred to China Overseas Holdings Limited ("COHL") in 1984. Mr. Yan was the general manager of China Overseas Civil Engineering Limited, the assistant general manager of the Investment Department of COHL and the president of Gold Court Property Management Limited. Mr. Yan had participated in numerous construction projects in the PRC and Hong Kong and has over 38 years of experience in construction, civil engineering, real estate investment and project management.

Ms. He Xiaoli

Ms. He, aged 41, was appointed as an Executive Director of the Company in February 2002. She is also the General Manager of the Finance Department of the Company. Ms. He holds a Bachelor's Degree in Accounting from North China University of Technology and a Master's Degree in Business Administration from the University of South Australia. She is a qualified PRC Senior Accountant and a member of the Chinese Institute of Certified Public Accountants. Prior to joining the Company, Ms. He was the head of business division and the deputy minister of accounting information division of the finance department of the previous China National Nonferrous Metals Industry Corporation. Ms. He has extensive experience in financial management of enterprises.

Independent Non-executive Directors

Mr. Lam Chun, Daniel

Mr. Lam, aged 63, was appointed as an Independent Non-executive Director of the Company in May 1997. Mr. Lam is an Authorized Person under the Buildings Ordinance and a Registered Professional Surveyor. He is a fellow member of the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators, a fellow member and the

Past President (1986-1987) of the Hong Kong Institute of Surveyors, and a fellow member and the past chairman (1997-2000) of the Hong Kong Institute of Arbitrators. Mr. Lam is a member of the Administrative Appeals Board of the Administration Wing of the Chief Secretary for Administration Office and a non-executive director of the Urban Renewal Authority, and was a member of the Hong Kong Housing Authority and Chairman of its Building Committee, a member of the Hong Kong Surveyors Registration Board and a consultant to the World Bank on the Urban Land Policies Study for the PRC. He is also a Council Member of the Hong Kong International Arbitration Centre. Mr. Lam was the Director, Property of the previous Kowloon-Canton Railway Corporation and had worked in various large well-established organisations. Mr. Lam was an independent non-executive of Mitsumaru East Kit (Holdings) Limited, a company listed on the Stock Exchange, for the period from 23 June 2008 to 12 July 2008. Mr. Lam has over 30 years of experience in the surveying profession.

Mr. Selwyn Mar

Mr. Mar, aged 73, was appointed as an Independent Non-executive Director of the Company in November 2002. Mr. Mar graduated from the London School of Economics, University of London. He is a Chartered Accountant, a partner of Nexia Charles Mar Fan & Co., Certified Public Accountants and the Managing Director of Marfan & Associates Limited. Mr. Mar was the President of the Hong Kong Institute of Certified Public Accountants in 1991, a member of the Appeals Panel of Securities & Futures Commission and a member of the Board of Governors of Chinese International School. Mr. Mar has been actively involved in commercial and industrial undertakings in Hong Kong and the PRC in the past 31 years. Presently, Mr. Mar is also an independent non-executive director of two other companies listed on the Stock Exchange, namely China Everbright International Limited and Man Yue International Holdings Limited. He was an independent non-executive director of Mitsumaru East Kit (Holdings) Limited, a company listed on the Stock Exchange, for the period from 12 June 2008 to 7 July 2008. Mr. Mar is an Honorary Fellow of the Lingnan University.

Ms. Tam Wai Chu, Maria

Ms. Tam, aged 63, was appointed as an Independent Non-executive Director of the Company in April 1997. Ms. Tam holds a Bachelor's Degree in Law from the University of London and has been a practising barrister since 1972. Ms. Tam is currently involved in numerous community services, which include the Deputy of the National People's Congress of the PRC as well as a member of the Basic Law Committee of the HKSAR, the Bar Association and the Task Group on Constitutional Development of the Commission on Strategic Development. Ms. Tam is also an independent non-executive director of seven other companies listed on the Stock Exchange, namely Wing On Company International Limited, Guangnan (Holdings) Limited, Sa Sa International Holdings Limited, Sinopec Kantons Holdings Limited, Titan Petrochemicals Group Limited, Tong Ren Tang Technologies Co. Ltd. and Nine Dragons Paper (Holdings) Limited. She was a non-executive director of eSun Holdings Limited, a company listed on the Stock Exchange, for the period from 26 October 2000 to 28 January 2008.

Senior Management

Mr. Xu Bingliang

Mr. Xu, aged 43, joined the Company as the Deputy General Manager in December 2008. He graduated from Central University of Finance and Economics of the PRC in 1986 with a Bachelor's Degree in Economics and completed his graduate study in accounting in the same university in 2002. Mr. Xu is a qualified PRC Senior Accountant. Since Mr. Xu joined China Minmetals in 1989, he has been responsible for financial management of various subsidiaries of China Minmetals. Mr. Xu has more than 19 years of experience in corporate financial management and strategic investment.

Mr. Law Yiu Wing, Patrick

Mr. Law, aged 46, joined the Company as the Chief Operating Officer in September 2006. Mr. Law assists the Managing Director in business development, day-to-day operation and financial and general management of the Company. Mr. Law is also responsible for the management of the investment properties and the Property Management Department. He also assists the planning, management and development of the Company's business in real estate development and investment. He holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management (AGSM). He is a member of the Australian Institute of Building, the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Law has extensive experience in property development, strategic planning, financial and general management gained from listed companies.

Mr. Yang Lu

Mr. Yang, aged 51, joined the Company as the General Manager of the Real Estate Development Department in May 2007. Mr. Yang assists the business development of real estate development projects in the PRC and oversees the initial management of new projects. Mr. Yang graduated from Chongqing (Jianzhu) Architectural & Engineering University (now known as Chongqing University) in 1982 with a Bachelor of Engineering Degree. He also holds a Grade One Project Manager Certificate issued by the PRC's Ministry of Construction and is a member of the Chartered Institute of Building, U.K.. Mr. Yang was previously employed to managerial positions in various companies of COHL with exposure to a variety of domestic and overseas engineering projects. He was also the general manager of a PRC real estate development company of COHL. Mr. Yang has extensive experience in the development, operation and management of construction contracting and real estate development business.

Mr. Szeto Wai Hung, Gus

Mr. Szeto, aged 49, was appointed as the General Manager of the Company's Investment and Planning Department in January 2005. Mr. Szeto holds a Bachelor's Degree in Commerce from the University of New South Wales, Australia and a MBA Degree from the Richard Ivey School of Business of the University of Western Ontario, Canada. He is a member of the Institute of Chartered Accountants of Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Szeto has extensive experience in business planning and development, financial and general management.

Mr. Leung Kin Hong, Thomas

Mr. Leung, aged 38, joined the Company as the Financial Controller in January 2009. Mr. Leung is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and holds a Master's Degree of Finance. Prior to joining the Company, Mr. Leung had worked in an international professional accounting firm and several listed companies in Hong Kong to gain his extensive experience in financial and general management.

Ms. Chung Wing Yee, Zoe

Ms. Chung, aged 42, joined the Company as the Company Secretary in August 2006. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Chung has extensive experience in company secretarial practice gained from professional firms and listed companies.

Ms. Chen Xie Ying, Christine

Ms. Chen, aged 45, joined the Company as the Internal Audit Manager in April 2003. Ms. Chen holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company, she was the head of internal audit department and a member of the risk management committee of a financial institution listed on the Stock Exchange for many years. Ms. Chen has extensive experience in investment, internal control and risk management.

Ms. Wong Mei Yee, Maisie

Ms. Wong, aged 47, joined the Company in May 1993 and is the Human Resources Manager of the Company. She is responsible for administration and human resources management of the Company. Ms. Wong has extensive experience in corporate administration and human resources management.

The business address of the Directors and the senior management of the Group is the same as the address of the Company's principal place of business in Hong Kong, i.e. 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

5. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 were 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 for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Position in Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of total issued Shares
Ms. He Xiaoli	Personal	20,000	0.0018%

Long positions in underlying shares of the Company

Interests in Share Options

As at the Latest Practicable Date, the following Directors had interests in the Share Options granted by the Company under the Share Option Scheme:

Name of Director	Date of grant	Vesting period *(both days inclusive)*	Exercisable period *(both days inclusive)*	Exercise price per Share *(HK$)*	Number of Share Options outstanding	Percentage of total issued Shares
Mr. Zhou Zhongshu	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,350,000	0.12%
Mr. Qian Wenchao	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,300,000	0.12%
Mr. He Jianbo	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,800,000	0.16%
Mr. Yin Liang	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,200,000	0.11%
Mr. Yan Xichuan	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,200,000	0.11%
Ms. He Xiaoli	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.51	1,000,000	0.09%

Note: These Share Options are exercisable at HK$0.51 per Share in three tranches: the maximum percentage of Share Options exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the 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 for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Substantial shareholders of the Company

Save as disclosed below, as at the Latest Practicable Date, so far as the Directors and chief executive of the Company were aware, there was no persons other than the Directors or the chief executive of the Company or their respective associates, who had an interest or short position in the Shares or 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:

Name of Shareholder	Number of Shares held	Number of Convertible Preference Shares which may be issued *(Note 2)*	Number of Rights Shares to be taken up *(Note 4)*	Approximate percentage of total issued Shares
China Minmetals	756,585,852 *(Note 1)*	1,596,005,726 *(Note 3)*	556,915,891	261.22%
Minmetals HK	756,585,852 *(Note 1)*	1,596,005,726 *(Note 3)*	556,915,891	261.22%
June Glory	756,585,852	–	556,915,891	117.93%
Mountain Trend Global Limited	–	1,596,005,726 *(Note 3)*	–	143.29%

Notes:

1. These Shares are held by June Glory, an indirect wholly-owned subsidiary of Minmetals HK, which in turn is wholly owned by China Minmetals.

2. Pursuant to the Acquisition Agreement, these convertible preference shares ("Convertible Preference Shares") are proposed to be convertible into Shares initially on a "one on one" basis (subject to adjustment in the event of a consolidation or subdivision of Shares but not otherwise). The creation of the Convertible Preference Shares is subject to the approval of the independent Shareholders in relation to the Acquisition.

3. Mountain Trend Global Limited has an interest in the Shares which may be converted from the Convertible Preference Shares if created and issued pursuant to the Acquisition Agreement. Mountain Trend Global Limited is a wholly-owned subsidiary of Minmetals HK, which in turn is wholly owned by China Minmetals. The total number of the Convertible Preference Shares to be issued to Mountain Trend Global Limited will be determined on the Price Fixing Date (as defined in the Acquisition Agreement). Based on the Maximum Franshion Share Price (as defined in the Acquisition Agreement) and the Minimum MML Share Price (as defined in the Acquisition Agreement), but without taking into consideration that China Minmetals shall not exercise any conversion rights attaching to the Convertible Preference Shares to an extent where the public float of the Shares will be less than 25% immediately following such conversion, and taking into account the adjustments made pursuant to the supplemental agreements to the Acquisition Agreement, the maximum number of Convertible Preference Shares that may be issued under the Acquisition will amount to 1,596,005,726.

4. These are the maximum number of Rights Shares that June Glory undertakes to take up pursuant to the Irrevocable Undertaking and the Underwriting Agreement.

Substantial shareholders of other members of the Group

As at the Latest Practicable Date, so far as the Directors and chief executive of the Company were aware, the following persons were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of members of the Group (other than the Company):

Name of holder of shares or equity interest	Name of non wholly-owned subsidiary of the Group	Total number of shares/ registered and paid up capital	Approximate percentage of shareholding
ASPF II Theta GmbH	Ample Hope Investments Limited	4,853 ordinary shares of US$1.00 each	48.53%
World Ocean Development Limited	Oriental Dragon Construction Limited	2,900 ordinary shares of HK$1.00 each	29%
湖南嘉盛房地產開發有限責任公司	五礦建設(湖南)嘉和日盛房地產開發有限公司	RMB186,200,000	49%
Turner Overseas Limited	Wellstep Management Limited	4,800 ordinary shares of US$1.00 each	16%
Silver Lake Asia Corp.	Wellstep Management Limited	4,800 ordinary shares of US$1.00 each	16%

Name of holder of shares or equity interest	Name of non wholly-owned subsidiary of the Group	Total number of shares/ registered and paid up capital	Approximate percentage of shareholding
Spirit Sunshine Inc.	Wellstep Management Limited	4,800 ordinary shares of US$1.00 each	16%

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors and chief executive of the Company were aware, there were no persons other than the Directors or chief executive of the Company or their respective associates who were, 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 meetings of any member of the Group (other then the Company).

7. SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Company within one year without the payment of compensation other than statutory compensation.

8. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors has had any direct or indirect interest in any assets which have since 31 December 2008 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group, except that Mr. Tsui Ki Ting, who is a director of 龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Property Co., Ltd.) ("DCNP") (the project company of the Laguna Bay Project as mentioned in the paragraph headed "Reasons for and benefits of Transaction A and Transaction B" in the "Letter from the Board" in the circular of the Company dated 14 November 2008), was interested in the shareholders' agreement in respect of Oriental Dragon Construction Limited ("ODCL") (the immediate holding company of DCNP) dated 11 April 2006 entered into amongst Karman Industries Limited ("KIL"), Stillpower Limited (both being indirect wholly-owned subsidiaries of the Company), World Ocean Development Limited ("WODL") and ODCL in respect of the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK$2,900 and the major terms in respect of the management and operations of ODCL which is the joint venture company of the Laguna Bay Project. As at the Latest Practicable Date, Mr. Tsui Ki Ting had an equity interest of 26.67% in WODL which in turns owned 29% equity interest in ODCL, and the remaining 71% equity interest in ODCL was owned indirectly by the Company.

9. LITIGATION

On 13 March 2003, the Company commenced legal proceedings in Hong Kong (the "Action") against Mr. Yu Lap On Stephen ("Mr. Yu"), Mr. Ng Tze Kwan ("Mr. Ng") and Mr. Cheung Sui Keung ("Mr. Cheung"), as well as companies controlled by them (namely Turner Overseas Limited, Spirit Sunshine Inc. and Silver Lake Asia Corporation respectively) (collectively, the "Defendants"). Mr. Yu, Mr. Ng and Mr. Cheung are directors of Condo Engineering (China) Limited and Condo Curtain Wall Company Limited ("CCW"), both of which are in liquidation. The claims are based on counter-indemnities executed on 23 March 1998, 5, 6 and 11 January 1999 by the Defendants in favour of the Company as referred to in items 1, 2, 3, 4 and 5 in the section headed "Counter-Indemnities" for CCW, Wellstep Management Limited and their respective subsidiaries in the "Letter from the Board" in the circular of the Company dated 10 November 2003 in respect of the liabilities and obligations covered by those counter-indemnities as more particularly described in that section. The principal amount claimed against each of the Defendants in the Action is approximately HK$16,400,000.

On 8 April 2003 and 16 June 2003, the Company obtained judgment against Mr. Ng and Spirit Sunshine Inc. respectively. The Company also obtained judgment dated 14 January 2004 against Mr. Yu, Mr. Cheung, Turner Overseas Limited and Silver Lake Asia Corporation pursuant to the Company's application for summary judgment. Pursuant to the said judgments, each of the Defendants is required to pay the Company a sum of HK$16,418,527.51 together with accrued interests and costs. The said judgments took effect immediately from their respective dates, and are enforceable by the Company. Mr. Ng was made bankrupt by the High Court of Hong Kong (the "Court") on 20 November 2003. The Company demanded Mr. Yu, Mr. Cheung, Turner Overseas Limited and Silver Lake Asia Corporation to make full payment of the judgment debt on 15 January 2004.

Since no payment has been made by them, the Company filed a petition for a bankruptcy order against Mr. Yu on 15 April 2004, which petition was heard by the Court on 9 June 2004. A bankruptcy order was made against Mr. Yu by the Court on 9 June 2004. The Company filed a proof of debt on 12 July 2004 in the bankruptcy of Mr. Yu. The Company also applied for the examination of Mr. Cheung as to his assets, means and liabilities, and an order for examination was made by the Court on 5 May 2004. Meanwhile, Mr. Cheung filed a petition for a bankruptcy order against himself on 30 October 2004 and a bankruptcy order was made against Mr. Cheung by the Court on 30 November 2004. On 7 April 2005, a proof of debt was filed by the Company in the bankruptcy of Mr. Cheung.

As at the Latest Practicable Date, no payment has been received from any of the Defendants. Furthermore, no receivables on nor provisions for the claims by the Company under this litigation case have been recorded or made by the Company. However, the Directors consider that this litigation case would not have any material impact on the financial position of the Group as a whole.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

10. EXPERT AND CONSENT

(a) Qualification of expert

The following are the qualifications of the expert who has given its opinions or advice which are contained in this Prospectus:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

(b) Consent of expert

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and references to its name in the form and context in which they appear. Such report from PricewaterhouseCoopers is given as of the date of this Prospectus for incorporation herein.

(c) Interests of expert

PricewaterhouseCoopers has confirmed to the Company that it was not interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it had any direct or indirect interest in any assets which had been, since 31 December 2008 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. MATERIAL CONTRACTS

The following contracts (not being entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the date of this Prospectus and which are or may be material:

(a) a sale and purchase agreement dated 5 June 2008 and entered into between Minmetals Land Investments Limited ("MLI") (as purchaser), Cheemimet Finance Limited ("Cheemimet") (as seller) and Minmetals HK (as seller's guarantor and warrantor) relating to the acquisition of the entire issued share capital of Texion Development Limited ("Texion") and the benefits in the entire shareholder's loan and account payable owing by Texion to Cheemimet which amounted to approximately HK$343,428,032;

(b) a conditional subscription agreement dated 16 September 2008 and entered into amongst ASPF II Theta GmbH (the "Fund"), Add Honour Investments Limited ("MLLSPV") and Ample Hope Investments Limited ("Holdco") (as supplemented by a supplemental agreement dated 16 September 2008 amongst the Fund, MLLSPV and Holdco) in relation to the subscription for 4,853 and 5,146 new shares in Holdco by the Fund and MLLSPV, respectively, and the provision of shareholders' loans in an amount of RMB360,000,000 (approximately HK$411,084,000) and RMB381,800,000 (approximately HK$435,977,000) to Holdco by the Fund and MLLSPV, respectively, for the purpose of raising capital in a total cash amount equivalent to RMB884,800,000 (approximately HK$1,010,353,000) for the participation of Holdco (through Glory Dragon Development Limited ("HKCo"), a wholly-owned subsidiary of Holdco) in the capital expansion of 五礦地產南京有限公司 Minmetals Property Development Nanjing Co., Ltd. (the "PRC JV") and the formation of a joint venture in the PRC JV between Holdco (through HKCo) and 五礦投資發展有限責任公司 Minmetals Investment & Development Co., Ltd. ("CMID") to undertake the real estate development project in a parcel of land located at No. 188, Mengdu Avenue, Jianye District, Nanjing City, Jiangsu Province, the PRC (the "Land"); the PRC JV was incorporated under the laws of the PRC with limited liability to hold the Land and undertake the real estate development project on the Land. A total amount of RMB884,800,000 (approximately HK$1,010,353,000) has been paid by HKCo in cash as consideration for the acquisition of 98.88% interest of the PRC JV.

(c) a shareholders' agreement dated 16 September 2008 and entered into amongst the Fund, MLLSPV and Holdco, which set out, amongst other things, the major terms in respect of the management and operation of Holdco and its subsidiaries on and after completion of the Subscription Agreement as mentioned in paragraph (b) above;

(d) a joint venture agreement and a capital expansion agreement both dated 22 September 2008 and entered into between HKCo and CMID respectively relating to the establishment of a joint venture (i.e. the PRC JV) to undertake the real estate development project on the Land, pursuant to which HKCo agreed to make contribution to the registered capital of the PRC JV and the PRC JV will change its legal status to become a Sino-foreign equity joint venture company upon completion;

(e) the Acquisition Agreement;

(f) a sale and purchase agreement dated 23 December 2008 and entered into between First Brilliant Holdings Limited (as purchaser) and Fantastic Assets Limited, an indirect wholly-owned subsidiary of the Company (as vendor) relating to the sale and purchase of the entire issued share capital of Jaeger Oil & Chemical Holdings Limited and repayment of the shareholder's loan and the accrued interest thereon (which amounted to approximately HK$1,825,000 as at 30 November 2008) owing from Jaeger Oil & Chemical Holdings Limited and its subsidiaries to the Group, for a total consideration sum of HK$13,880,000;

(g) a supplemental agreement dated 31 March 2009 and entered into between MLI and the parties to the Acquisition Agreement whereby the last date for fulfilling the conditions stipulated in the Acquisition Agreement has been extended from 31 March 2009 to 31 December 2009;

(h) a supplemental agreement dated 18 May 2009 and entered into between MLI and the parties to the Acquisition Agreement whereby the Cash Proceed (as defined in the supplemental agreement) held by Target (as defined in the supplemental agreement) under the Acquisition will be reduced by a sum equal to the total subscription monies to be paid by June Glory to the Company for all the new Shares to be taken up by June Glory under the Underwriting Agreement and the Irrevocable Undertaking in relation to the Rights Issue (the "Amount"). This will result in the consideration payable by the purchaser under the Acquisition Agreement being accordingly reduced by the Amount;

(i) the Underwriting Agreement; and

(j) the Irrevocable Undertaking.

12. MISCELLANEOUS

(a) The expenses in connection with the Rights Issue, including printing, registration, legal, professional and accounting charges are estimated to amount to approximately HK$1,500,000 and will be borne by the Company.

(b) The English text of this Prospectus, the PAL and the EAF shall prevail over the Chinese text in the case of any inconsistency.

13. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of this Prospectus, the PAL, the EAF and the written consent given by PricewaterhouseCoopers as referred to in the paragraph headed "Expert and Consent" in this Appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of this Prospectus has been, or will as soon as reasonably practicable be filed with the Registrar of Companies in Bermuda in accordance with Section 26 of the Companies Act.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, except public holidays, from the date of this Prospectus up to and including 23 June 2009:

(a) the memorandum of association and the Bye-laws of the Company;

(b) the material contracts referred to in the section headed "Material Contracts" of this Appendix;

(c) the annual reports of the Company for the financial years ended 31 December 2007 and 2008 respectively;

(d) the report from PricewaterhouseCoopers dated 9 June 2009 on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;

(e) the written consent referred to in the section headed "Expert and Consent" of this Appendix;

(f) the discloseable transaction circular dated 12 January 2009 issued by the Company; and

(g) this Prospectus.