THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed 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 Minmetals Land Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, licensed 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).

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

五礦建設有限公司*

MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 230)

MAJOR ACQUISITION AND CONNECTED TRANSACTION

Financial Adviser to Minmetals Land Limited

BOCI ASIA LIMITED

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Access Capital

A letter from the Independent Board Committee is set out on page 24 of this circular.

A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 40 of this circular.

A notice convening the SGM to be held at Garden Rooms, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 16 December 2009 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* *For identification purpose only*

30 November 2009

CONTENTS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Access Capital" or "Independent Financial Adviser"	Access Capital Limited, a licensed corporation under the SFO to conduct regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition;
"Acquisition"	the proposed acquisition of the entire issued share capital of each of the Targets pursuant to the terms and conditions of the Acquisition Agreement;
"Acquisition Agreement"	the conditional sale and purchase agreement dated 13 November 2009 entered into between the Purchaser (as purchaser), the Vendor (as seller) and China Minmetals (as the seller's guarantor and warrantor) relating to the Acquisition;
"Announcement"	the announcement made by the Company in connection with the Acquisition on 13 November 2009;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors (including executive Directors, non-executive Director and independent non-executive Directors);
"Business Day"	a day other than a Saturday or Sunday on which banks are open in Hong Kong to the general public for business;
"BVICo1"	a company to be established in the British Virgin Islands by the Vendor as its wholly-owned subsidiary, which will directly hold the entire interest in HKCo1, which in turn will directly hold 49% interest in Jiahe Risheng immediately after completion of Reorganisation;
"BVICo2"	a company to be established in the British Virgin Islands by the Vendor as its wholly-owned subsidiary, which will directly hold the entire interest in HKCo2, which in turn will directly hold the entire interest in Tianjin Binhaixinqu immediately after completion of Reorganisation;

"BVICo3"	a company to be established in the British Virgin Islands by the Vendor as its wholly-owned subsidiary, which will directly hold the entire interest in HKCo3, which in turn will directly hold the entire interest in Zhongrun Chengzhen immediately after completion of Reorganisation;
"China Minmetals"	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company;
"China Minmetals Group"	China Minmetals and its subsidiaries, excluding the Group;
"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;
"Completion"	completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement;
"Conditions"	conditions precedent to Completion as set out in the Acquisition Agreement and summarised in the section headed "Conditions" in the "Letter from the Board" in this circular;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	the consideration for which Targets will be transferred to the Group pursuant to the terms and conditions of the Acquisition Agreement;
"Consideration Shares"	the new Shares to be allotted and issued by the Company to June Glory at the direction of the Vendor pursuant to the terms and conditions of the Acquisition Agreement;
"Construction Master Agreement"	the conditional agreement between the Company and Ershisanye dated 10 September 2008 as disclosed in the announcement and circular of the Company dated 10 September 2008 and 30 September 2008 respectively and approved by the Shareholders at the special general meeting of the Company held on 17 October 2008;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	directors (including independent non-executive directors) of the Company;

"Enlarged Group"	the Group following Completion;
"Ershisanye"	二十三冶建設集團有限公司 (Ershisanye Construction Group Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability, and which is owned as to 73.19%, 20% and 6.81% by China Minmetals, 湖南省人民政府國有資產監督管理委員會 (State-owned Assets Supervision & Administration Commission of Hunan Provincial People's Government*) and 二十三冶建設集團有限公司工會 (Labour Union of Ershisanye*), respectively;
"Group"	the Company and its subsidiaries;
"HKCo1"	a company to be incorporated in Hong Kong by BVICo1 as its direct wholly-owned subsidiary which will directly hold 49% interest in Jiahe Risheng immediately after completion of Reorganisation;
"HKCo2"	a company to be incorporated in Hong Kong by BVICo2 as its direct wholly-owned subsidiary which will directly hold the entire interest in Tianjin Binhaixinqu immediately after completion of Reorganisation;
"HKCo3"	a company to be incorporated in Hong Kong by BVICo3 as its direct wholly-owned subsidiary which will directly hold the entire interest in Zhongrun Chengzhen immediately after completion of Reorganisation;
"HK HoldCos"	HKCo1, HKCo2 and HKCo3;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hunan Jiasheng"	湖南嘉盛房地產開發有限責任公司 (Hunan Jiasheng Real Estate Development Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ershisanye;
"Independent Board Committee"	an independent committee of the Board comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria who are independent non-executive Directors and appointed to advise the Independent Shareholders in respect of the Acquisition;
"Independent Shareholders"	Shareholders other than June Glory and its associates;

"Jiahe Risheng"	五礦建設(湖南)嘉和日盛房地產開發有限公司 (Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.*), a sino-foreign equity joint venture established under the laws of the PRC with limited liability which is owned as to 51% by Minmetals Changsha and 49% by Hunan Jiasheng;
"June Glory"	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Minmetals HK owned as to 71% by Minmetals HK and 29% by Cheemimet Finance Limited, a wholly-owned subsidiary of Minmetals HK;
"Last Full Trading Day"	11 November 2009, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of the announcement of the Company dated 13 November 2009;
"Latest Practicable Date"	23 November 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Luck Achieve"	Luck Achieve Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
"Minmetals Changsha"	Minmetals Land (Changsha) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Purchaser;
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Minmetals principally engaged in investment holding and corporate management services business;
"Minmetals Real Estate"	五礦置業有限公司 (Minmetals Real Estate Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China Minmetals;

"Nanjing JV"	五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability which is owned as to 50.89% by the Company;
"PRC" or "China"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
"Project Companies"	collectively Jiahe Risheng, Tianjin Binhaixinqu and Zhongrun Chengzhen;
"Properties"	Property 1, Property 2 and Property 3;
"Property 1"	LOHAS International Community, Gaoyun Road, Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC (with a total net site area of approximately 608,212 square metres);
"Property 2"	Minmetals International, East of Yingbin Main Road, South of Tuochang Road, Tanggu District, Tianjin, the PRC (with a total net site area of approximately 20,786 square metres);
"Property 3"	Scotland Town, Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC (with a total net site area of approximately 312,115 square metres);
"Purchaser"	Minmetals Land Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
"Reorganisation"	the reorganisation to be effected in such manner as the Purchaser may agree before Completion such that immediately after completion of Reorganisation, (i) BVICo1, BVICo2 and BVICo3 will, through HKCo1, HKCo2 and HKCo3, hold 49% interest in Jiahe Risheng, the entire interests of Tianjin Binhaixinqu and of Zhongrun Chengzhen, respectively; and (ii) the registered capital of Tianjin Binhaixinqu and Zhongrun Chengzhen will be increased to RMB200 million (equivalent to approximately HK$227.05 million) and RMB370 million (equivalent to approximately HK$420.04 million), respectively;
"RMB"	Renminbi, the lawful currency of the PRC;

"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be held on 16 December 2009 to consider and approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder;
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Targets"	BVICo1, BVICo2 and BVICo3;
"Tianjin Binhaixinqu"	五礦置業(天津)濱海新區有限公司 (Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Minmetals Real Estate;
"Vendor"	Mountain Trend Global Limited, an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Minmetals HK;
"Vigers"	Vigers Appraisal and Consulting Limited, independent property valuers;
"Zhongrun Chengzhen"	湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Hunan Jiasheng; and
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of RMB0.88087 to HK$1.00. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*

五礦建設有限公司*
MINMETALS LAND LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 230)

Non-executive Director:
Mr. SUN Xiaomin, *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

30 November 2009

To the Shareholders,

Dear Sir or Madam,

MAJOR ACQUISITION AND CONNECTED TRANSACTION

INTRODUCTION

On 13 November 2009, the Company announced that the Purchaser, a wholly-owned subsidiary of the Company (as purchaser), has entered into the Acquisition Agreement with the Vendor (as seller) and China Minmetals (as the seller's guarantor and warrantor) for the acquisition of the entire issued share capital of the Targets, which will, through HK HoldCos, hold 49% interest in Jiahe Risheng and the entire interests of Tianjin Binhaixinqu and of Zhongrun Chengzhen upon completion of Reorganisation.

Pursuant to the Acquisition Agreement, the Consideration of HK$1,419,051,619 will be satisfied in full by the allotment and issue of 601,293,059 Consideration Shares to June Glory at the direction of the Vendor at HK$2.36 per Consideration Share.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, further particulars of (i) the Acquisition; (ii) the recommendation from the Independent Board Committee and the advice of the Independent Financial Adviser; (iii) the financial information of the Project Companies; (iv) the financial information of the Group; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) the valuation report on the Properties; and (vii) the notice of the SGM.

THE ACQUISITION AGREEMENT DATED 13 NOVEMBER 2009

Parties

(1) the Purchaser, a wholly-owned subsidiary of the Company, as purchaser;

(2) the Vendor, a wholly-owned subsidiary of Minmetals HK, as seller; and

(3) China Minmetals as seller's guarantor and warrantor.

Assets involved

The entire issued share capital of each of the Targets, which will be established by the Vendor and will, through HK HoldCos, hold 49% interest in Jiahe Risheng and the entire interests of Tianjin Binhaixinqu and of Zhongrun Chengzhen upon completion of Reorganisation.

Consideration

Pursuant to the Acquisition Agreement, the Consideration of HK$1,419,051,619 will be satisfied in full by the allotment and issue of 601,293,059 Consideration Shares by the Company to June Glory at the direction of the Vendor at HK$2.36 per Consideration Share. The Consideration Shares shall be issued as fully paid and shall rank the same in all respects with the Shares in issue at the date of Completion.

The Consideration has been arrived at after arm's length negotiations among the parties and with reference to various factors including, but not limited to, the appraised value of 49% of Jiahe Risheng and 100% of Tianjin Binhaixinqu and of Zhongrun Chengzhen as at 31 August 2009 in aggregate of approximately RMB1,742.25 million (equivalent to approximately HK$1,977.87 million) (the "**Project Companies Appraised Value**"), the financial positions of the Project Companies and the general property market conditions in the PRC.

The Project Companies Appraised Value was calculated on the basis of the appraised value of the Properties by Vigers, on the basis that the Properties will be developed and completed in accordance with the Project Companies' latest development proposals and/or planning approvals as at 31 August 2009 of approximately RMB1,882.69 million (equivalent to approximately HK$2,137.31 million) (the "**Properties Appraised Value**"), *less* the interest-bearing bank and other borrowings *plus* the aggregate value of the cash and cash equivalents and restricted cash of the Project Companies as at 31 August 2009 and the capital injections in cash from China Minmetals into Tianjin Binhaixinqu and Zhongrun Chengzhen being part of Reorganisation as described in the section headed "**RELATIONSHIP BETWEEN THE PROJECT COMPANIES AND CHINA MINMETALS GROUP AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS**" below.

The Consideration represents a discount of approximately 33.61% to the Properties Appraised Value, and a discount of approximately 28.25% to the Project Companies Appraised Value.

Consideration Shares

The issue price of HK$2.36 per Consideration Share, which was arrived at after arm's length negotiations among the parties to the Acquisition Agreement, represents the 20-day average closing price per Share as quoted on the Stock Exchange for the period from 14 October 2009 to the Last Full Trading Day and also represents:

(a) a discount of about 4.07% to the closing price per Share of HK$2.46 as quoted on the Stock Exchange on the Last Full Trading Day;

(b) a discount of about 3.28% to the 10-day average closing price per Share of HK$2.44 as quoted on the Stock Exchange for the period from 29 October 2009 to the Last Full Trading Day; and

(c) a premium of about 1.72% to the one-month average closing price per Share of about HK$2.32 as quoted on the Stock Exchange for the period from 12 October 2009 to the Last Full Trading Day.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Conditions and Completion

Completion is conditional upon the fulfillment of the following Conditions:

(a) the Purchaser undertaking a due diligence review of the Project Companies and being satisfied with such review in all aspects;

(b) all governmental and regulatory approvals and permissions required in the PRC or elsewhere to give effect to the transactions contemplated under the Acquisition Agreement (including but not limited to Reorganisation) having been obtained;

(c) all relevant consents and approvals from third parties as may be necessary to ensure that the proposed change in shareholding of the Project Companies following Reorganisation and Completion will not result in a breach or event of default by the Project Companies under any of their existing contractual arrangements;

(d) completion of Reorganisation;

(e) a PRC legal opinion satisfactory to the Purchaser as to form and content in relation to the Project Companies, including the satisfaction of such matters in sub-paragraphs (b) and (d) relating to the Project Companies (so far as PRC aspects are concerned) being issued in favour of the Purchaser;

(f) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares unconditionally subject only to such condition(s) as may be agreed between the Purchaser and the Vendor;

(g) the Independent Shareholders approving the Acquisition Agreement and the transactions contemplated thereunder including the allotment and the issue of the Consideration Shares;

(h) no material adverse change in the financial or trading position or prospect of the business or assets of any of the Targets, HK HoldCos and the Project Companies; and

(i) the warranties given under the Acquisition Agreement remaining true and accurate in all respects, both as at the date of the Acquisition Agreement and upon Completion.

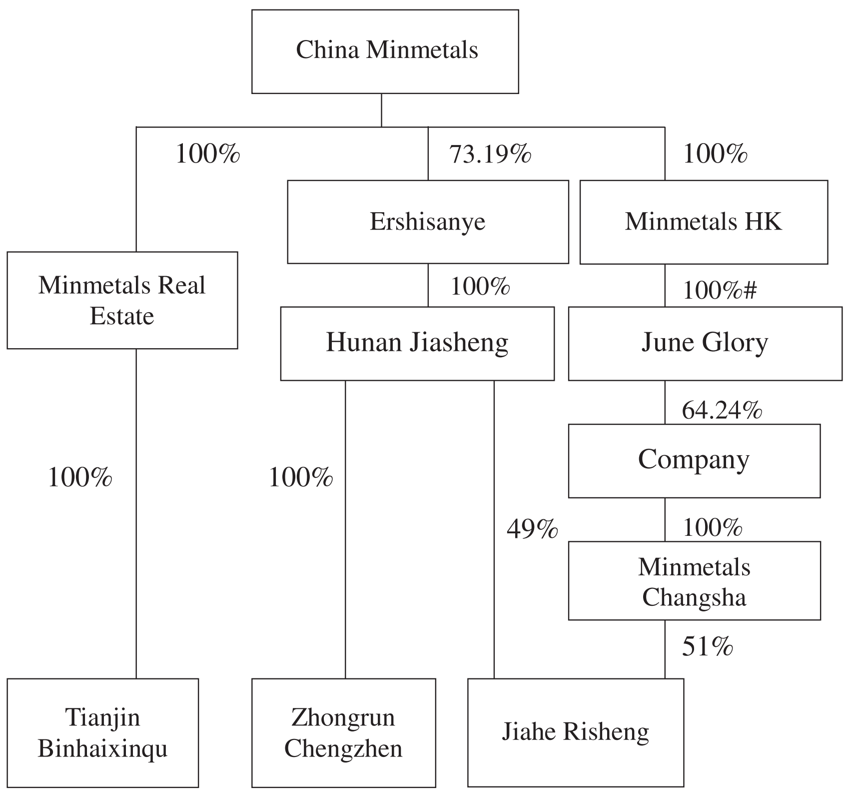
Completion shall take place within three Business Days after all the Conditions have been fulfilled or waived in whole or in part by the Purchaser (other than the Conditions set out in paragraphs (b), (f) and (g) which cannot be waived). In the event that the Conditions are not fulfilled and not agreed to be waived, on or before 30 September 2010 (or such later date as may be agreed among the parties hereto), then all rights and obligations of the parties will cease and lapse and the Acquisition Agreement shall thereupon terminate and the parties shall be released from all their obligations without liability (save for any antecedent breaches).

INFORMATION ABOUT THE PROJECT COMPANIES

Jiahe Risheng is a sino-foreign equity joint venture established under the laws of the PRC with limited liability having a fully paid up registered capital of RMB380 million. It is owned as to 51% by Minmetals Changsha (a wholly-owned subsidiary of the Company) and 49% by Hunan Jiasheng. Jiahe Risheng is currently accounted for as a subsidiary of the Company. Tianjin Binhaixinqu and Zhongrun Chengzhen are enterprises established under the laws of the PRC with limited liability each having a paid up registered capital of RMB10 million and are currently subsidiaries of China Minmetals. Prior to Completion, the Project Companies will undergo Reorganisation, which includes, among others, capital injections from China Minmetals into Tianjin Binhaixinqu and Zhongrun Chengzhen as described in the section headed "**RELATIONSHIP BETWEEN THE PROJECT COMPANIES AND CHINA MINMETALS GROUP AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS**" below.

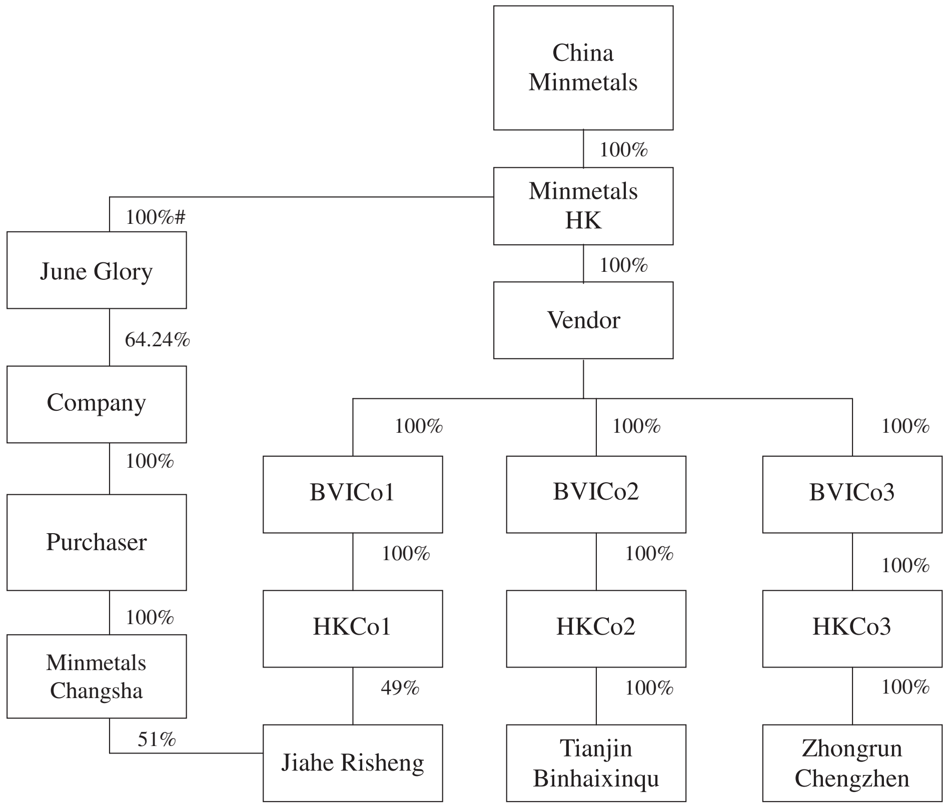
Immediately after completion of Reorganisation, BVICo1, BVICo2 and BVICo3 will, through HKCo1, HKCo2 and HKCo3, hold 49% interest in Jiahe Risheng, the entire interests in Tianjin Binhaixinqu and Zhongrun Chengzhen, respectively. The shareholding structures of the Project Companies immediately before Reorganisation and immediately after Reorganisation are set out below:-

Immediately before Reorganisation



\# *June Glory is owned as to 71% by Minmetals HK and 29% by Cheemimet Finance Limited, a wholly-owned subsidiary of Minmetals HK.*

Immediately after Reorganisation



June Glory is owned as to 71% by Minmetals HK and 29% by Cheemimet Finance Limited, a wholly-owned subsidiary of Minmetals HK.

Immediately following Completion, the Targets, HK HoldCos and the Project Companies will become wholly-owned subsidiaries of the Company.

Financial Information of the Project Companies

The net losses (both before and after taxation) of each of the Project Companies for the two financial years ended 31 December 2007 and 2008 are set out below:

	Year ended 31 December 2007		Year ended 31 December 2008	
	Net loss before taxation	**Net loss after taxation**	**Net loss before taxation**	**Net loss after taxation**
Jiahe Risheng	RMB4.66 million (equivalent to approximately HK$5.29 million)	RMB4.66 million (equivalent to approximately HK$5.29 million)	RMB15.68 million (equivalent to approximately HK$17.80 million)	RMB15.68 million (equivalent to approximately HK$17.80 million)
Tianjin Binhaixinqu	RMB0.65 million (equivalent to approximately HK$0.74 million)	RMB0.65 million (equivalent to approximately HK$0.74 million)	RMB4.26 million (equivalent to approximately HK$4.84 million)	RMB4.26 million (equivalent to approximately HK$4.84 million)
Zhongrun Chengzhen	RMB3.54 million (equivalent to approximately HK$4.02 million)	RMB3.54 million (equivalent to approximately HK$4.02 million)	RMB11.90 million (equivalent to approximately HK$13.51 million)	RMB11.90 million (equivalent to approximately HK$13.51 million)

The net asset values of each of the Project Companies as at 31 August 2009 are set out below:

	Net asset/(liabilities) value as at 31 August 2009
Jiahe Risheng	RMB357.34 million (equivalent to approximately HK$405.67 million)
Tianjin Binhaixinqu	RMB0.90 million (equivalent to approximately HK$1.02 million)
Zhongrun Chengzhen	RMB(9.28) million (equivalent to approximately HK$(10.54) million)

Properties

Property 1

Jiahe Risheng holds the land-use rights of Property 1, which is located at Gaoyun Road, Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with a total net site area of approximately 608,212 square metres, for residential use with the last expiry date on 28 March 2078.

Jiahe Risheng is in the progress of developing Property 1 into a large-scale residential estate known as "LOHAS International Community" in five phases with ancillary facilities such as clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden with a total planned gross floor area of approximately 1,107,415 square metres, including residential gross floor area of approximately 857,116 square metres, commercial gross floor area of approximately 13,962 square metres, and a total of approximately 3,500 car parking spaces. This project is expected to be completed in 2013. Part of Property 1 with gross floor area of approximately 66,096 square metres has been approved for pre-sale. Pre-sale of part I of Phase I was launched in September 2009 and the construction work of part II of Phase I is under way.

Property 2

Tianjin Binhaixinqu holds the land-use rights of Property 2, which is located to the east of Yingbin Main Road and south of Tuochang Road in Tanggu District, Tianjin with a total net site area of approximately 20,786 square metres, for commercial service and public facility uses for a term expiring in April 2048.

Tianjin Binhaixinqu is in the progress of developing Property 2 into a commercial complex known as "Minmetals International" which will comprise two blocks of commercial, office and apartment building with basement car parking spaces, with a total planned gross floor area of approximately 181,157 square metres, including office gross floor area of approximately 100,081 square metres, commercial gross floor area of approximately 24,600 square metres, apartment gross floor area of approximately 20,000 square metres and a total of approximately 819 basement car parking spaces upon completion. This project is expected to be completed in December 2010. "Minmetals International" is currently constructed up to 9 storeys.

Property 3

Zhongrun Chengzhen holds the land-use rights of Property 3, which is located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with a total net site area of approximately 312,115 square metres, for residential use for a term expiring in December 2074.

Zhongrun Chengzhen is in the progress of developing Property 3 into a residential project known as "Scotland Town" with ancillary commercial and institutional facilities and basement car parking spaces, having a total planned gross floor area of approximately 530,596 square metres, including residential gross floor area of approximately 365,088 square metres, commercial gross floor area of approximately 24,609 square metres, and a total of approximately 1,630 basement car parking spaces upon completion. This project is expected to be completed in June 2011. Part of Property 3 with a gross floor area of approximately 54,094 square metres has been approved for pre-sale.

Other than the Properties, the Project Companies do not hold any other material assets.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of real estate development and project management, specialised construction and property investment.

China Minmetals is a State-owned enterprise in the PRC with a history of over 50 years and is one of the major importers and exporters of steel, nonferrous metals and mineral products in the PRC. On 6 July 2007, the SASAC of the State Council of the PRC has approved the inclusion of real estate development and operation as one of the core businesses of China Minmetals. China Minmetals has indicated to the Board that it intends to consolidate its real estate resources to develop its real estate business to achieve full synchronization of real estate business and capital market. China Minmetals has also expressed its intention to turn the Company into its sole listed real estate development flagship, and eventually develop the Company to become a leading and competitive PRC real estate development and specialised construction corporation.

For the year ended 31 December 2008, the Group's real estate development and project management business accounted for about 76% of its turnover. The injection of interests in the Project Companies currently held by China Minmetals Group is a further move by China Minmetals to consolidate its real estate businesses and assets into the Group and to continue to strengthen the Group's position as the sole listed real estate development flagship of China Minmetals. The Directors believe that the Acquisition will bring various commercial benefits to the Company, including increasing and strengthening the Group's land bank in the PRC, and is in conformity with the aligned interests of the Company and its Shareholders as a whole.

RELATIONSHIP BETWEEN THE PROJECT COMPANIES AND CHINA MINMETALS GROUP AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS

China Minmetals Group conducts various transactions with the Project Companies in the on-going operations of these companies from time to time. These transactions, in so far as they involve Jiahe Risheng, the company in which the Group currently holds 51% of its interest, constitute existing connected transactions for the Company and, to the extent required to be disclosed under the Listing Rules, have already been disclosed by the Company in its annual report and in its announcement dated 10 September 2008.

Tianjin Binhaixinqu and Zhongrun Chengzhen also have certain on-going transactions with other members of China Minmetals Group. If such transactions continue to take place after Completion, they will become continuing connected transactions for the Company following Completion. The Directors have not decided on the on-going arrangements in respect of all of these transactions, some of which, depending on their respective size, may be or become subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors will monitor the on-going arrangements for these transactions and will comply with the applicable requirements under Chapter 14A of the Listing Rules if and as required. Particulars of these transactions are set out below.

Tianjin Binhaixinqu

Loans from Minmetals Real Estate

As at 31 October 2009, Minmetals Real Estate has provided unsecured loans to Tianjin Binhaixinqu with an aggregate outstanding principal amount of approximately RMB208.31 million (equivalent to approximately HK$236.48 million) at the interest rate of 8.32% per annum, for use in the development of Property 2. As one of the steps of Reorganisation, China Minmetals will make additional capital injection in cash into Tianjin Binhaixinqu in the amount of RMB190 million (equivalent to approximately HK$215.70 million) which will be used to repay part of the outstanding amount of the loans due to Minmetals Real Estate. As a result, immediately prior to Completion, Tianjin Binhaixinqu will have a registered capital of RMB200 million (equivalent to approximately HK$227.05 million). China Minmetals will arrange any outstanding shareholder's loan to Tianjin Binhaixinqu to be cleared and settled before Completion.

Zhongrun Chengzhen

Loans from Hunan Jiasheng

As at 31 October 2009, Hunan Jiasheng has provided unsecured loans to Zhongrun Chengzhen with an aggregate principal amount of approximately RMB346.83 million (equivalent to approximately HK$393.74 million) at the interest rate of 6.37%-7.92% per annum, for use in the development of Property 3. As one of the steps of Reorganisation, China Minmetals will make additional capital injection in cash into Zhongrun Chengzhen in the amount of RMB360 million (equivalent to approximately HK$408.69 million) which will be used to repay in full the outstanding amount of the loans due to Hunan Jiasheng. As a result, immediately prior to Completion, Zhongrun Chengzhen will have a registered capital of RMB370 million (equivalent to approximately HK$420.04 million).

*Provision of construction and installation services by Ershisanye and its subsidiaries ("**Ershisanye Group**")*

Ershisanye Group has been providing construction and installation services to Zhongrun Chengzhen at open market price. Ershisanye is a subsidiary of China Minmetals and each member of Ershisanye Group is therefore a connected person of the Company. The total amount payable by Zhongrun Chengzhen to Ershisanye Group under this arrangement for the eight months ended 31 August 2009 was approximately RMB36.46 million (equivalent to approximately HK$41.39 million). The revenue ratio with reference to the annualized amount is above 2.5%.

On 10 September 2008, the Company has entered into a conditional construction contracting agreement with Ershisanye (i.e. the Construction Master Agreement) whereby the Company may from time to time award construction tenders to Ershisanye Group in respect of the Group's existing and future real estate development projects in the PRC for contract sum not exceeding the annual caps as more particularly disclosed in the Company's announcement and shareholders' circular dated 10 September 2008 and 30 September 2008 respectively.

Following Completion, Ershisanye Group will continue to provide construction and installation services in relation to Property 3 under the Construction Master Agreement within the annual caps previously approved by the Shareholders on 17 October 2008. The Directors will review the annual cap amounts and the scope of the Construction Master Agreement to consider if appropriate adjustment may be required in the light of the on-going construction work that Ershisanye Group will provide to the Group in relation to Property 3 and other new properties that the Group may acquire under this Acquisition. The Company will comply with the applicable requirements under Chapter 14A of the Listing Rules as and when appropriate.

For the purpose of and in connection with Ershisanye Group's provision of the above construction and installation services, Zhongrun Chengzhen had paid labour remuneration security deposit of approximately RMB5.39 million (equivalent to approximately HK$6.12 million) and other utility costs on behalf of Ershisanye. China Minmetals will arrange for these payments made on behalf of Ershisanye Group to be cleared and settled before Completion.

Provision of staff by Hunan Jiasheng

Hunan Jiasheng has been providing staff to work for Zhongrun Chengzhen which does not employ its own staff. The fees payable by Zhongrun Chengzhen to Hunan Jiasheng under this arrangement for the eight months ended 31 August 2009 amounted to approximately RMB2.21 million (equivalent to approximately HK$2.51 million). The revenue ratio with reference to the annualised transaction amount exceeds 0.1% whereas all the other applicable percentage ratios are less than 0.1%. Based on such calculation of the percentage ratios, this arrangement would constitute continuing connected transaction for the Company upon Completion subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Hunan Jiasheng entered into an agreement with Zhongrun Chengzhen in November 2009 pursuant to which Hunan Jiasheng agreed to provide staff to work for Zhongrun Chengzhen according to the needs of Zhongrun Chengzhen for a term of 4 years from 1 April 2007 to 31 March 2011. During the period from April 2007 to August 2009, the remuneration of the staff provided to Zhongrun Chengzhen was payable by Zhongrun Chengzhen to Hunan Jiasheng; and as from September 2009, Zhongrun Chengzhen shall pay the remuneration directly to the staff provided by Hunan Jiasheng. The Directors will review the percentage ratios with respect to this arrangement and set the relevant annual caps amount on or before Completion and will comply with the applicable requirements under Chapter 14A of the Listing Rules if and as required.

*Provision of property management services by 湖南嘉盛物業服務公司 ("**Jiasheng Properties**")*

Jiasheng Properties has been providing property management services to Zhongrun Chengzhen in respect of Property 3. The fees payable by Zhongrun Chengzhen to Jiasheng Properties under this arrangement for the eight months ended 31 August 2009 amounted to approximately RMB0.19 million (equivalent to approximately HK$0.22 million).

Jiasheng Properties is a subsidiary of China Minmetals and is therefore a connected person of the Company. It is expected that Jiasheng Properties will continue to provide property management services to Zhongrun Chengzhen in respect of Property 3 following Completion. It is expected that all the applicable percentage ratios with reference to the transaction amount on an annual basis under this arrangement are below 0.1%. Accordingly, this arrangement would be exempt from reporting, announcement and independent shareholders approval requirement under the de-minimus exemption in Chapter 14A of the Listing Rules.

Use of office premises from Hunan Jiasheng

Zhongrun Chengzhen is occupying an office premises from Hunan Jiasheng without any charge. The Company has not yet decided on whether this arrangement will continue upon Completion and will comply with the applicable requirements under Chapter 14A of the Listing Rules if and as required.

Deposit with the internal bank of Ershisanye

Zhongrun Chengzhen has deposited an amount of approximately RMB1.25 million (equivalent to approximately HK$1.42 million) with the internal bank of Ershisanye at the interest rate of 0.36% per annum. It is expected that this arrangement will be terminated on or before Completion.

EFFECTS OF THE ACQUISITION ON THE COMPANY

The Consideration Shares represent about 25.67% of the issued share capital of the Company as at the Latest Practicable Date and about 20.42% of the enlarged issued share capital of the Company immediately after Completion (assuming that there will be no change in the Company's issued share capital from the Latest Practicable Date to Completion save for the issue of the Consideration Shares). Immediately following Completion, June Glory will hold approximately 71.54% of the issued share capital of the Company.

Neither Completion nor the issue of the Consideration Shares will result in any change of control of the Company, and China Minmetals will remain as the ultimate controlling shareholder of the Company.

The shareholdings in the Company at present and immediately following Completion are summarised below:

	At present		**Immediately following Completion#**	
	No. of Shares	*%*	*No. of Shares*	*%*
June Glory	1,504,918,447	64.2362	2,106,211,506	71.5406
Director	30,000	0.0013	30,000	0.0010
Public Shareholders	837,838,896	35.7625	837,838,896	28.4584
	2,342,787,343	100	2,944,080,402	100

\# *Assuming that there will be no change in the Company's issued share capital from the Latest Practicable Date to Completion save for the issue of the Consideration Shares.*

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a wholly-owned subsidiary of Minmetals HK which, through June Glory, holds approximately 64.24% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, the Vendor is a connected person of the Company.

The Acquisition constitutes a major acquisition and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and is subject to reporting and announcement requirements, and the approval of the Independent Shareholders at the SGM.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF THE BUSINESS, COMPANY OR COMPANIES ACQUIRED FOR THE PERIODS REPORTED IN THE ACCOUNTANT'S REPORTS

Review of operation

None of the Project Companies record any revenue during each of the three years ended 31 December 2008 and the eight months ended 31 August 2009 (the "**Track Record Periods**") as the Properties were still under development during such period. The net losses after taxation of each of the Project Companies for the Track Record Periods are set out below:–

	Year ended 31 December			Eight months ended 31 August	
	2006	**2007**	**2008**	**2008**	**2009**
Jiahe Risheng	N/A	RMB4.66 million	RMB15.68 million	RMB9.47 million	RMB2.33 million
Tianjin Binhaixinqu	N/A	RMB0.65 million	RMB4.26 million	RMB2.10 million	RMB4.20 million
Zhongrun Chengzhen	RMB1.82 million	RMB3.54 million	RMB11.90 million	RMB6.35 million	RMB0.86 million

The net losses of the Project Companies during the Track Record Periods were mainly attributable to the selling and distribution costs and administrative expenses incurred.

Both Jiahe Risheng and Zhongrun Chengzhen started pre-sale of the property units in 2009. As at 31 August 2009, a total gross floor area of approximately 13,182 square metres and 14,336 square metres of Property 1 and Property 3 were contracted for sale respectively. Deposits and installments of approximately RMB27.77 million and RMB42.29 million received in relation to the contracted sales were recorded as deferred revenue under current liabilities of Jiahe Risheng and Zhongrun Chengzhen respectively.

Financial income

The financial income of the Project Companies recorded during the Track Record Periods were mainly attributable to the interest income from bank deposits.

Liquidity and financial resources

Jiahe Risheng

As at 31 December 2007 and 2008 and 31 August 2009, Jiahe Risheng had total borrowings of approximately RMB228.38 million, RMB383.07 million and RMB484.10 million, respectively;

and cash and cash equivalents of approximately RMB46.48 million, RMB67.31 million and RMB76.89 million, respectively. The ratio of total borrowings to total equity of Jiahe Risheng were approximately 0.61 times, 1.07 times and 1.35 times as at 31 December 2007 and 2008 and 31 August 2009, respectively.

Tianjin Binhaixinqu

As at 31 December 2007 and 2008 and 31 August 2009, Tianjin Binhaixinqu had total borrowings of approximately RMB70 million, RMB92 million and RMB184.56 million, respectively; and cash and cash equivalents of approximately RMB62.36 million, RMB20.07 million and RMB39.28 million, respectively. The ratio of total borrowings to total equity of Tianjin Binhaixinqu were approximately 7.48 times, 18.05 times and 205.29 times as at 31 December 2007 and 2008 and 31 August 2009, respectively.

Zhongrun Chengzhen

As at 31 December 2006, 2007 and 2008 and 31 August 2009, Zhongrun Chengzhen had total borrowings of approximately nil, RMB208.43 million, RMB341.22 million and RMB389.01 million, respectively; and cash and cash equivalents of approximately nil, RMB13.31 million, RMB0.39 million and RMB7.52 million, respectively. The ratio of total borrowing to total equity of Zhongrun Chengzhen was approximately 59.86 times as at 31 December 2007. The ratio of total borrowings to total equity as at each of 31 December 2006 and 2008 and 31 August 2009 is not applicable.

Exposure to fluctuation in exchange rates

As the majority of the transactions of the Project Companies were denominated in RMB, the exposure of the Project Companies to the risk of foreign exchange fluctuation was considered minimal.

Charges on the Project Companies' assets

Jiahe Risheng

As at 31 August 2009, the properties under development for sale with a total carrying amount of approximately RMB238 million were pledged for bank borrowings of RMB100 million. As at 31 December 2007 and 2008, none of the assets were pledged.

Tianjin Binhaixinqu

As at 31 December 2007 and 2008 and 31 August 2009, none of the assets was pledged.

Zhongrun Chengzhen

As at 31 December 2006, 2007 and 2008 and 31 August 2009, none of the assets was pledged.

Contingent liabilities

The Project Companies did not have any significant contingent liabilities as at 31 December 2006, 2007 and 2008 and 31 August 2009.

Employees

The number of staff and total remuneration and benefit of the Project Companies for the financial years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009 are set out below:–

Number of staff

	Year ended 31 December			Eight months ended 31 August
	2006	2007	2008	2009
Jiahe Risheng	–	24	35	37
Tianjin Binhaixinqu	–	12	32	38
Zhongrun Chengzhen	7	35	41	44

Total remuneration and benefit

	Year ended 31 December			Eight months ended 31 August
	2006	2007	2008	2009
Jiahe Risheng	–	RMB0.62 million	RMB2.20 million	RMB1.75 million
Tianjin Binhaixinqu	–	RMB0.19 million	RMB2.57 million	RMB2.69 million
Zhongrun Chengzhen	RMB0.11 million	RMB1.60 million	RMB2.40 million	RMB1.75 million

Future plans

The Group will continue to execute the development plans of the real estate development projects of the Project Companies as per the approved plans. The Group expects that the internal generated financial resources and bank borrowings from financial institutions will be sufficient to meet the necessary funding requirements.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE COMPANY

Following Completion, Tianjin Binhaixinqu and Zhongrun Chengzhen will become wholly-owned subsidiaries of the Company and their financials will be consolidated into the financial statements of the Enlarged Group. Since Jiahe Risheng is currently owned as to 51% by Minmetals Changsha (a wholly-owned subsidiary of the Company) and its financials were already consolidated in the financial statements of the Group, the acquisition of the remaining 49% interest of Jiahe Risheng will not have any impact on the earnings and assets and liabilities of the Group.

Jiahe Risheng, Tianjin Binhaixinqu and Zhongrun Chengzhen will be recorded in the financial statements of the Group at the acquisition costs of approximately HK$307.69 million, HK$483.29 million and HK$628.07 million, respectively, aggregating HK$1,419.05 million in total. Such acquisition costs have been determined with reference to the adjusted net asset values of each of the Project Companies based on the appraised values of the Properties under development, after the additional capital injection immediately before the Acquisition.

Earnings

Since the operating results of the sale of the property units of Tianjin Binhaixinqu and Zhongrun Chengzhen would only be recognized by the Group upon handover of the property units to buyers and based on the preliminary development plan of Tianjin Binhaixinqu and Zhongrun Chengzhen, the acquisition of Tianjin Binhaixinqu and Zhongrun Chengzhen is not expected to have material impact on the Group's earnings for the year ending 31 December 2009.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix VII to this circular, after completion of the Acquisition, the total assets of the Group will increase from approximately HK$4,525.42 million as at 30 June 2009 to HK$6,079.89 million, and the total liabilities of the Group will increase from HK$2,152.64 million as at 30 June 2009 to HK$2,428.79 million.

SGM

A notice of the SGM to be held at Garden Rooms, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 16 December 2009 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed and, if thought fit, passed to approve the Acquisition.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rules 13.39(4) of the Listing Rules, the vote of the Independent Shareholders with respect to the Acquisition at the SGM will be taken by poll. June Glory and its associates, together holding approximately 64.24% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolution for approving the Acquisition at the SGM in accordance with Rule 14A.18 of the Listing Rules. An announcement on the poll voting results of the SGM will be published on the websites of the Company and of the Stock Exchange following the SGM.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" set out on page 24 of this circular containing the recommendation from the Independent Board Committee to the Independent Shareholders regarding the Acquisition; and (ii) the "Letter from Access Capital" set out on pages 25 to 40 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

The Directors (other than all independent non-executive Directors, whose opinions have been set out in the "Letter from the Independent Board Committee" in this circular after taking into account the principal factors and reasons considered by the Independent Financial Adviser and its advice has been set out in the "Letter from Access Capital" in this circular) are of the view that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution at the SGM in respect of the Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Minmetals Land Limited
He Jianbo
Managing Director

五礦建設有限公司*
MINMETALS LAND LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 230)

30 November 2009

To the Independent Shareholders,

Dear Sir or Madam,

MAJOR ACQUISITION AND CONNECTED TRANSACTION

We refer to the circular dated 30 November 2009 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

We wish to draw your attention to the "Letter from the Board" set out on pages 7 to 23 of the Circular which contains, among other things, information about the Acquisition, and the "Letter from Access Capital" set out on pages 25 to 40 of the Circular which contains its advice in respect of the Acquisition.

Having considered the reasons for and the benefits of the Acquisition and considering the principal factors and reasons taken into account by Access Capital in arriving at its opinion regarding the Acquisition set out in the "Letter from Access Capital" on pages 25 to 40 of the Circular, we consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the SGM in respect of the Acquisition.

Yours faithfully,
For and on behalf of
Independent Board Committee

Lam Chun, Daniel	**Selwyn Mar**	**Tam Wai Chu, Maria**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

* *For identification purpose only*

Set out below is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.

Access Capital

Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

30 November 2009

To: The Independent Board Committee and
the Independent Shareholders of Minmetals Land Limited

Dear Sirs,

MAJOR ACQUISITION AND CONNECTED TRANSACTION

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition. Details of the Acquisition are set out in the letter from the board contained in the circular dated 30 November 2009 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

The Vendor is a wholly-owned subsidiary of Minmetals HK, which, through June Glory, holds approximately 64.24% of the issued share capital of the Company as at the Latest Practicable Date. The Vendor is therefore a connected person of the Company.

The Acquisition constitutes a major acquisition and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively and is subject to reporting and announcement requirements, and the approval of the Independent Shareholders at the SGM. June Glory and its associates will abstain from voting at the SGM.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of nine Directors, namely Mr. Sun Xiaomin as the Chairman and non-executive Director, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Mr. Yan Xichuan and Ms. He Xiaoli as executive Directors and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as independent non-executive Directors.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, has been established to advise the Independent Shareholders as to whether (i) the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect and to give our opinion in relation to the Acquisition for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

III. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Principal activities and business strategy of the Group

The Group is principally engaged in the businesses of real estate development and project management, specialised construction and property investment.

Set out below is a summary of the operating results of the Group for the two years ended 31 December 2007 and 2008 and for the six months period ended 30 June 2009 as extracted from the Company's 2008 annual report and 2009 interim report ("**Interim Report**"), respectively:

	(Audited) For the year ended 31 December		**(Unaudited) For the six months ended 30 June**
	2007	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Revenue generated from:			
Continuing operations:			
– Real estate development and project management	2,311	887,476	273,572
– Specialised construction	345,961	250,426	81,049
– Property investment	17,042	28,405	23,432
	365,314	1,166,307	378,053
Discontinued operations:			
– Manufacturing and trading *(Note)*	65,892	71,289	–
Total	**431,206**	**1,237,596**	**378,053**
Profit for the year/period	**159,498**	**128,309**	**46,028**

Note: The Group disposed of its manufacturing and trading business at the end of 2008 as set out in the Company's circular dated 12 January 2009.

1.1 Real estate development and project management activities of the Group

As set out above, the Group's real estate development and project management activities accounted for approximately 76.1% of the Group's total revenue generated from continuing operations for the year ended 31 December 2008 (2007: approximately 0.6%). According to the management of the Group, the substantial growth in this business segment in 2008 was mainly attributable to the recognition of the sale proceeds from one of its real estate development projects, namely The Grand Panorama Project in Zhuhai, Guangdong Province, the PRC during the year. The segment result for this business was approximately HK$119.2 million in 2008 (2007: loss of approximately HK$14.5 million). According to the Interim Report, the Group completed the sale of residential and commercial units of The Grand Panorama Project in 2008 with only several car parking spaces remaining available for sale as at

30 June 2009. The revenue attributed to the Group's real estate development and project management activities for the same period accounted for approximately 72.4% of the Group's total revenue (approximately 0.6% of the Group's total revenue generated from continuing operations for the same period in 2008) and the corresponding segment result of approximately HK$13.8 million (loss of approximately HK$18.4 million for the same period in 2008) was recorded.

Currently, the Group is undertaking three residential projects in Nanjing, Jiangsu Province and Changsha City, Hunan Province in the PRC.

(a) Laguna Bay Project, Nanjing, Jiangsu Province

This project has a planned gross saleable floor area of approximately 262,000 square metres ("sq.m.") and is 71% owned by the Group and comprises three development phases. According to the management of the Group, based on the satisfactory pre-sale results subsequent to 30 June 2009, the management of the Group expects the Group to be able to recognize substantially all the sale proceeds from Phase I with gross saleable area of approximately 69,000 sq.m. in the financial year 2009. According to the management of the Company, pre-sale of Phase II with gross saleable area of approximately 33,000 sq.m. has been started in September 2009 and Phase III with gross saleable area of approximately 160,000 sq.m. is expected to commence in 2010.

(b) Riveria Royale Project, Nanjing, Jiangsu Province

This development project has a planned gross saleable floor area of approximately 173,000 sq.m. and is 50.89% owned by the Group. Construction has recently been commenced on this project and pre-sale is scheduled to commence in the first quarter of 2010.

(c) LOHAS International Community Project, Changsha County, Hunan Province

This project has a planned gross saleable floor area of approximately 1.1 million sq.m. and is 51% owned by the Group and comprises five development phases. Pre-sale of part I of Phase I with gross saleable area of approximately 74,000 sq.m. has been commenced in early September 2009 and pre-sale of part II of Phase I with gross saleable area of approximately 67,000 sq.m. is expected to commence in January 2010.

1.2 Business strategies of the Group and relationship with the China Minmetals Group

As set out in the Interim Report, the Group will continue to identify and pursue quality real estate development projects in first-tier cities (such as Beijing, Shanghai and Tianjin) and core second-tier cities (such as Changsha and Nanjing) in the PRC to enhance its real estate project portfolio and to maintain business growth.

The Company's ultimate controlling Shareholder, China Minmetals, was founded in 1950 and is engaged in finance, real estate and logistics. As set out in the website of China Minmetals (www.minmetals.com), the China Minmetals Group had operating revenue of RMB180.9 billion and a profit of RMB7.1 billion in 2008 and was ranked No.331 among the Fortune Global 500 companies. According to the Board, on 6 July 2007, the SASAC approved the inclusion of real estate development and operation as one of the core businesses of the China Minmetals Group.

Leveraging on China Minmetals's strong financial base and extensive business connections, the Company has been collaborating with China Minmetals since 2007 on a number of transactions, reflected as follows:

Year	**Purchase of assets from China Minmetals Group/formation of joint ventures with China Minmetals Group**
2009	Purchase of shares in Franshion Properties (China) Limited ("**Franshion Shares**") and cash balance
2008	Purchase of the China Minmetals Tower in Tsimshatsui, Kowloon, Hong Kong
	Formation of a joint venture in a real estate development project in Nanjing City, Jiangsu Province, the PRC i.e. the Riveria Royale Project
2007	Formation of a joint venture in a real estate development project in Changsha, Hunan Province, the PRC i.e. the LOHAS International Community Project

The Group has also appointed Ershisanye which is owned as to approximately 73.2% by China Minmetals as the main contractor for the construction works of the LOHAS International Community Project and Laguna Bay Project and Newglory International Limited, an indirect wholly-owned subsidiary of China Minmetals, as the supplier of construction materials for the Group's specialised construction projects, both subject to successful tenders.

Transactions between the Project Companies and the China Minmetals Group are set out in the section headed "RELATIONSHIP BETWEEN THE PROJECT COMPANIES AND CHINA MINMETALS GROUP AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS" in the letter from the Board in the Circular.

2. Reasons for and benefits of the Acquisition

As stated in the letter from the Board in the Circular, China Minmetals Group has indicated to the Board that it intends to consolidate its resources to develop its real estate business to achieve full synchronization of real estate business and capital market. China Minmetals has also expressed its intention to turn the Company into its sole listed real estate development flagship, and eventually develop the Company to become a leading and competitive PRC real estate development and specialised construction corporation. The Board considers that the Acquisition will bring various commercial benefits to the Company, including increasing and strengthening the Group's land bank in the PRC which in turn conforms to the stated strategies of the Company to grow its real estate business.

Recent developments of the property markets in Changsha and Tianjin, the PRC

(a) Changsha City, Hunan Province, the PRC

Changsha is the capital city of Hunan Province. It is located in east central Hunan and the lower reaches of Xiangjiang River, a branch of the Yangtze River. According to the National Bureau of Statistics of China, as of 31 December 2008, Changsha City had a population of approximately 6.59 million, representing an increase of approximately 0.87% over 2007. For the first three quarters of 2009, the recorded gross domestic product ("**GDP**") of Changsha City was approximately RMB232.6 billion, representing an increase of approximately 0.7% over the full year of 2008. During the same period, commodity properties with a total floor area of 10.3 million sq.m. were sold (being a new historic high), representing an increase of 75.9% over same period in 2008.

According to 《2009年1-10月長沙市房地產市場形勢分析報告》 (the "**Report**") published by 長沙市房產信息中心 (Changsha Real Estate Research Center) in November 2009, during the period from January to October 2009, the average selling price of commodity properties was RMB4,293 per sq.m., representing a drop of 2.6% as compared to the same period in 2008. For commodity residential properties, the average selling price was RMB4,062 per sq.m., representing an increase of 1.27% over that for the same period in 2008. According to the Report, property sales volume in Changsha City reached a peak in August 2009 but has since declined. However, there has been no sign of decrease in average selling price of commodity properties. The Report also stated that the total floor area of commodity properties approved for pre-sale in Changsha City reduced by 22.2% as compared to that for the same period in 2008. This has resulted in reduced supply in the market. According to the Changsha government, the satisfactory growth in properties sales in early 2009 was boosted by various stabilising policies adopted in the first half 2009 in Changsha City, including the residential property subsidy scheme during the period commencing 10 February 2009 and ended 10 May 2009.

(b) Tianjin, the PRC

Tianjin is one of China's four municipalities directly under the central government and is the largest open city along the coastline of northern China. The city also serves as the largest shipping hub in northern China, handling the exports of many inland cities. It is an important manufacturing centre mainly in heavy industries such as iron and steelworks, plants making heavy machinery, automobiles and chemical industry based on salt, flour mills and other food-processing establishments. According to the Tianjin Statistics Bureau, Tianjin's GDP was approximately RMB315.5 billion in the first half of 2009, with approximately 16.2% year-on-year growth and approximately 9.1% higher than the national average.

According to the China Property Press Release issued by Savills Valuation and Professional Services Limited ("**Savills**") (an independent consultancy firm) dated 7 September 2009, commodity residential properties with a total floor area of approximately 3.2 million sq.m. were sold in the second quarter of 2009, representing an increase of approximately 50.5% over that in the first quarter of 2009 and an increase of approximately 119.3% over that in the second quarter in 2008. The average sales price for the second quarter of 2009 was approximately RMB6,977 per sq.m., representing an increase of approximately 4.8% over that of the first quarter of 2009 and a drop of approximately 2.4% as compared to the second quarter in 2008. On the other hand, according to the research of Savills, the office market in the second quarter of 2009 remained sluggish due to low demand. Vacancy rate of rental office units has been on a rising trend. Aside from these short term market indicators, the Directors also consider the《天津市城市總體規劃(2005年-2020年)》(Year 2005 to 2020 Overall City Development Plan in Tianjin), approved by the State Council of the PRC, which has stated the State's intention to develop Tianjin into the economic centre in the Bohai Rim Economic Circle which is formed by Tianjin and a number of cities including Beijing, Shenyang and Dalian. The Directors are therefore optimistic about the long term economic development potential of Tianjin.

In the past few years, there has been a significant increase in transaction volume in the property market in many cities in the PRC. The increase may be attributable to a series of factors including certain PRC government initiatives such as tax reductions, interest rate cuts, increased liquidity and greater consumer confidence in the general economy. According to the National Bureau of Statistics of China, the total floor area sold in the PRC for the ten months period ended October 2009 increased by approximately 3.6% over that for the nine months period ended September 2009. Certain market analysts attributed the surge in selling price and transaction volume in October 2009 to the market's anticipation of the withdrawal of preferential mortgage rate by the PRC government before the end of 2009.

In addition to considering the afore-mentioned recent market activities and developments, the Directors also recognize that from time to time, the PRC government may need to instigate appropriate measures to cool down the market or economy with the view of achieving, stable long-term and healthy growth of the market. However, the Directors believe that in the long-term, demand for residential properties in the PRC will be driven by the growing demand of private housing in major cities. In addition, Tianjin, which ranked as the fifth most populated city in the country and supported with the above-mentioned announced government initiatives, should continue to attract businesses and new settlers from other parts of the country. Accordingly, the Directors are of the view that the Acquisition will significantly expand the Group's real estate portfolio in the PRC, and would fall in line with the Group's stated objectives and strategies to leverage off the support of China Minmetals in growing its real estate related business activities, and thus is in the interest of the Company and the Shareholders as a whole. We concur with this view.

3. Principal terms of the Acquisition Agreement

3.1 Assets to be acquired

Pursuant to the Acquisition Agreement, subject to, among other things, the Purchaser will acquire from the Vendor the entire issued share capital of each of the Targets. Upon completion of the Reorganisation, the Targets will hold 49% interest in Jiahe Risheng, the entire interests of Tianjin Binhaixinqu and of Zhongrun Chengzhen respectively through the HK HoldCos. The shareholding structures of the Project Companies immediately before and after the Reorganisation are set out in the section headed "INFORMATION ABOUT THE PROJECT COMPANIES" in the letter from the Board in the Circular.

3.1.1 The Project Companies

The Project Companies currently hold the Properties in Tianjin and Changsha, the PRC, which are under different stages of development. Set out below is the financial highlights of each of the Project Companies for the two years ended 31 December 2008 and eight months ended 31 August 2009 as extracted from the audited accounts of Jiahe Risheng, Tianjin Binhaixinqu and Zhongrun Chengzhen, as set out in Appendix I, II and III of the Circular respectively for the respective years and periods.

	As at 31 December				As at 31 August
	2007		2008		2009
	Net loss before and after taxation*	Net asset	Net loss before and after taxation*	Net asset/ (liabilities)	Net asset/ (liabilities)
Jiahe Risheng	RMB4.66 million (equivalent to approximately HK$5.29 million) *(Note 1)*	RMB375.34 million (equivalent to approximately HK$426.10 million)	RMB15.68 million (equivalent to approximately HK$17.80 million)	RMB359.67 million (equivalent to approximately HK$408.31 million)	RMB357.34 million (equivalent to approximately HK$405.67 million)
Tianjin Binhaixinqu	RMB0.65 million (equivalent to approximately HK$0.74 million) *(Note 2)*	RMB9.35 million (equivalent to approximately HK$10.61million	RMB4.26 million (equivalent to approximately HK$4.84 million)	RMB5.10 million (equivalent to approximately HK$5.79 million)	RMB0.90 million (equivalent to approximately HK$1.02 million)
Zhongrun Chengzhen	RMB3.54 million (equivalent to approximately HK$4.02 million)	RMB3.48 million (equivalent to approximately HK$3.95 million)	RMB11.90 million (equivalent to approximately HK$13.51 million)	RMB(8.42) million (equivalent to approximately HK$(9.56) million)	RMB(9.28) million (equivalent to approximately HK$(10.54) million)

* The figures denotes net loss before taxation and is equal to the net loss after taxation.

Notes:

1. For the period from 23 April 2007 (date of establishment) to 31 December 2007.

2. For the period from 19 July 2007 (date of establishment) to 31 December 2007.

(a) Jiahe Risheng

Jiahe Risheng is a sino-foreign equity joint venture with a fully paid-up registered capital of RMB380 million. It is owned as to 51% by Minmetals Changsha (a wholly-owned subsidiary of the Company) and 49% by Hunan Jiasheng (an indirect subsidiary of China Minmetals) and is currently accounted for as a subsidiary of the Company. Upon Completion, Jiahe Risheng will be wholly-owned by the Group. According to the accountant's report of Jiahe Risheng as at 31 August 2009, its major assets were (i) properties under development for sale i.e. Property 1 with a book value of approximately RMB955.2 million) and; (ii) restricted cash (being performance deposits placed with banks) and cash and cash equivalents with a total of approximately RMB80.53 million. Jiahe Risheng had the following liabilities: (i) shareholder's loan from Hunan Jiasheng of RMB188.2 million; (ii) bank loan of approximately RMB100 million secured by properties under development for sale with a total carrying amount of approximately RMB238 million; (iii) loans from a fellow subsidiary of approximately RMB195.89 million; and (iv) land cost and construction cost payables of approximately RMB159.4 million.

No revenue had been recorded for the years ended 31 December 2007 and 2008 and the eight months period ended 31 August 2009 as Property 1 is still under development. Revenue on sales of the properties will be recognized upon sale and delivery of the properties. Detailed information on Property 1 is set out in the sub-paragraph headed "The Properties" below.

(b) Tianjin Binhaixinqu

Tianjin Binhaixinqu was established under the laws of the PRC with limited liability having a paid-up registered capital of RMB10 million and is a wholly-owned subsidiary of China Minmetals. According to the accountant's report of Tianjin Binhaixinqu as at 31 August 2009, its major assets were (i) properties under development for sale i.e. Property 2 with a book value of approximately RMB276.4 million; and (ii) cash and cash equivalents of approximately RMB39.3 million. Tianjin Binhaixinqu had the following liabilities: (i) construction cost payable of approximately RMB68.5 million; (ii) government subsidies of approximately RMB55.9 million in relation to the property development in Tanggu District, Tianjin, the PRC; and (iii) loans from its immediate holding company of approximately RMB184.6 million. Pursuant to the Acquisition Agreement, as one of the steps of the Reorganisation, China Minmetals will make an additional capital injection into Tianjin Binhaixinqu in the amount of RMB190 million (equivalent to approximately HK$215.70 million) which will be used to repay part of the outstanding amount of loans due to its immediate holding company. As a result, immediately prior to Completion, the paid-up capital of Tianjin Binhaixinqu will be increased to RMB200 million (equivalent to approximately HK$227.05 million). China Minmetals will arrange any outstanding shareholder's loan to Tianjin Binhaixinqu to be cleared and settled before Completion.

No revenue had been recorded for the years ended 31 December 2007 and 2008 and the eight months period ended 31 August 2009 as Property 2 is still under development. Detailed information of Property 2 is set in the sub-paragraph headed "The Properties" below.

(c) Zhongrun Chengzhen

Zhongrun Chengzhen was established under the laws of the PRC with limited liability having a paid-up registered capital of RMB10 million and is a wholly-owned subsidiary of Ershisanye which is a 73.2% owned subsidiaries of China Minmetals. According to the accountant's report of Zhongrun Chengzhen as at 31 August 2009, its major assets were properties under development for sale i.e. Property 3 with a book value of approximately RMB405.4 million and amount due from immediate holding company and an intermediate holding company with a total of approximately RMB27.8 million. Zhongrun Chengzhen had the following liabilities: (i) construction cost payable of approximately RMB18.4 million; and (ii) loans from its immediate holding company and amounts due to fellow subsidiaries with a total of approximately RMB397.8 million. Pursuant to the Acquisition Agreement, as one of the steps of the Reorganisation, China Minmetals will make an additional capital injection into Zhongrun Chengzhen in the amount of RMB360 million (equivalent to approximately HK$408.69 million) which will be used to repay in full the outstanding amount of loans due to its immediate holding company. As a result, immediately prior to Completion, the paid-up capital of Zhongrun Chengzhen will be increased to RMB370 million (equivalent to approximately HK$420.04 million).

No revenue had been recorded for the years ended 31 December 2007 and 2008 and the eight months period ended 31 August 2009 as Property 3 is still under development. Detailed information of Property 3 is set in the sub-paragraph headed "The Properties" below.

3.1.2 The Properties

Details of the Properties are set out in the paragraph headed "Properties" in the letter from the Board in the Circular and are summarized below for reference:

	Property 1	**Property 2**	**Property 3**
Location	Changsha County, Hunan Province	Tianjin	Changsha County, Hunan Province
Project types	Large-scale residential estate known as "LOHAS International Community"	Commercial complex known as "Minmetals International"	Residential project known as "Scotland Town"
Net site area (approximately sq.m.)	608,212	20,786	312,115
Total planned gross floor area (approximately sq.m.)	1,107,415	181,157	530,596
Expected time of completion	Year 2013	Year 2010	Year 2011

	Property 1	Property 2	Property 3
Progress of Development	Gross floor area of approximately 66,096 sq.m. has been approved for pre-sale. Up to 31 August 2009, gross floor area of approximately 13,181.83 sq.m. was contracted for sale and these pre-sold units are expected to be handed over to buyers in stages commencing December 2009	The property is constructed up to the ninth-storey.	Gross floor area of approximately 54,094 sq.m. has been approved for pre-sale. Up to 31 August 2009, gross floor area of approximately 14,336.11 sq.m. was contracted for pre-sale and these pre-sold units are expected to be handed over to buyers in stages commencing December 2010
Market value in existing state as at 31 August 2009 as per valuation by Vigers	RMB627.69 million (equivalent to approximately HK$712.58 million) (49% interest to be acquired)	RMB500 million (equivalent to approximately HK$567.62 million)	RMB755 million (equivalent to approximately HK$857.11 million)

(a) Property 1 and Property 3

Property 1 and Property 3 are residential development projects located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC. Property 1 is being developed into a large-scale residential estate of which information is set out in the section headed "Principal business and business strategy of the Group" above.

Property 3 is being developed into a residential project comprising various detached houses, semi-detached houses, terrace houses, apartment blocks with ancillary commercial and institutional facilities and basement car parking spaces.

(b) Property 2

Property 2 is located to the east of Yingbin Main Road and south of Tuochang Road in Tanggu District, Tianjin Province, the PRC. It is in the progress of being developed into a commercial complex which will comprise two blocks of commercial, office and apartment building with basement car parking spaces.

We have discussed with Vigers and understand that the valuation on the Properties has been made by reference to comparable market transactions. We consider that these methodologies are consistent with market practice and the underlying basis for the valuation of the Properties is fair and reasonable.

3.2 The Consideration

3.2.1 Basis of the Consideration

The Consideration is HK$1,419,051,619 and will be satisfied in full by the allotment and issue of 601,293,059 Consideration Shares by the Company to June Glory at the direction of the Vendor at the issue price of HK$2.36 per Consideration Share. As stated in the letter from the Board in the Circular, the Consideration has been arrived at after arms' length negotiations among the parties and with reference to various factors including, but not limited to, the appraised value of 49% of Jiahe Risheng and 100% of Tianjin Binhaixinqu and of Zhongrun Chengzhen as at 31 August 2009 of approximately RMB1,742.25 million (equivalent to approximately HK$1,977.87 million) (the "**Project Companies Appraised Value**"), the financial positions of the Project Companies and the general property market conditions in the PRC.

A summary of the Project Companies Appraised Value is calculated as follows:

		Approximately RMB'000			
		Jiahe Risheng (49% attributable interest)	**Tianjin Binhaixinqu**	**Zhongrun Chengzhen**	**Total**
(i)	Properties Appraised Value *(Note 1)*	627,690	500,000	755,000	1,882,690
(ii)	*Less:* interest bearing bank and other borrowings as at 31 August 2009	(237,211)	(184,560) *(Note 2)*	(361,710) *(Notes 2, 3)*	(783,481)
(iii)	*Add:* aggregate value of the cash and cash equivalents and restricted cash as at 31 August 2009	39,461	39,275	14,303	93,039
(iv)	*Add:* capital injections in cash from China Minmetals *(Note 4)*	–	190,000	360,000	550,000
Project Companies Appraised Value		429,940	544,715	767,593	1,742,248

Notes:

1. Being the market value of the Properties appraised by Vigers. The basis of valuation is set out in Appendix VIII – "Valuation Report" to the Circular and the sub-paragraph "The Properties" of this letter.

2. Includes (a) part of the outstanding amount of the loans, being RMB190 million, due to Minmetals Real Estate; and (b) the full outstanding amount of loans due to Hunan Jiasheng, being RMB360 million, both of which will be repaid using the capital injection of RMB550 million by China Minmetals as detailed in part (iv) of the above table.

3. Loans from immediate holding company was RMB389.01 million as per audited accounts as at 31 August 2009. As informed by the Company, only the drawdown amount of RMB361.71 million was used for calculation of the Project Companies Appraised Value.

4. The capital injections in cash from China Minmetals, being RMB550 million, will be used to repay the loans as set out in Note 2 above.

The Consideration represents a discount of approximately 33.61% to the Properties Appraised Value, and a discount of approximately 28.25% to the Project Companies Appraised Value.

As set out in the sub-paragraph headed "*3.1.1 The Project Companies*" above, the major assets of the Project Companies are the Properties, restricted cash and cash and cash equivalents. In this regard, the Company has used the Properties Appraised Value as the benchmark for valuing the assets to be acquired. The Properties Appraised Value was then adjusted by (i) deducting the interest bearing bank and other borrowings as at 31 August 2009; (ii) adding the aggregate value of the cash and cash equivalents and restricted cash of the Project Companies as at 31 August 2009; and (iii) adding the amount of cash injection by China Minmetals to reflect the increase in registered share capital in Tianjin Binhaixinqu and Zhongrun Chengzhen, upon completion of the Reorganisation.

Given the above, we consider that the Consideration, which represents a discount to both the Properties Appraised Value and the Project Companies Appraised Value are fair and reasonable.

3.2.2 Terms of payment

The Consideration of HK$1,419,051,619 will be satisfied in full by the allotment and issue of 601,293,059 Consideration Shares at the issue price of HK$2.36 per Consideration Share. The Consideration Shares represent approximately 25.67% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 20.42% of the enlarged issued share capital of the Company upon Completion.

The issue price of HK$2.36 per Consideration Share represents:

(i) a discount of approximately 4.07% to the closing price per Share of HK2.46 as quoted on the Stock Exchange on the Last Full Trading Day;

(ii) a discount of approximately 3.28% to the 10-day average closing price per Share of HK$2.44 as quoted on the Stock Exchange for the period from 29 October 2009 to the Last Full Trading Day; and

(iii) a premium of approximately 1.72% over the one-month average closing price per Share of HK$2.32 as quoted on the Stock Exchange for the period from 12 October 2009 to the Last full Trading Day.

Completion is conditional upon the fulfillment of, among other things, the conditions as set out in the letter from the Board in the Circular on or before 30 September 2010, or such later date as may be agreed among the parties to the Acquisition Agreement.

As the issue price of the Consideration Shares is at a relatively small discount to the relevant average closing prices of the Shares as stated above and at a premium of approximately 66.2% over the unaudited net asset value per Share of approximately HK$1.42 as at 30 June 2009 (based on the unaudited consolidated net asset value of the Company of approximately HK$2,372.8 million and 1,670,747,674 Shares in issue as set out in the Interim Report), we consider that the issue price of Consideration Shares is fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible dilution effects on public shareholdings

As at the Latest Practicable Date, China Minmetals through its indirect wholly-owned subsidiary, June Glory, holds approximately 64.24% of the existing issued share capital of the Company. Upon Completion and assuming that there will be no change in the Company's issued share capital from the Latest Practicable Date, June Glory will hold approximately 71.54% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The shareholdings of public Shareholders will be diluted from approximately 35.76% as at the Latest Practicable Date to approximately 28.46% upon Completion.

Given (i) the benefits of the Acquisition to the Company as set out above; (ii) that the Acquisition will be financed by the issue of the Consideration Shares which will enlarge the share capital and will not have the adverse impact on the cash position of the Group; and (iii) the increase in net asset value per Share upon Completion (please refer to the paragraph headed "Possible financial effects of the Acquisition" below), we consider that the dilution of the shareholdings of public Shareholders is acceptable.

5. Possible financial effects of the Acquisition

a. Result on consolidation

Upon Completion, the Project Companies will become indirectly wholly-owned subsidiaries of the Company. The Group will own 100% of the Properties.

b. Net assets value (Shareholders' funds)

As set out in the "Financial information of the Enlarged Group" in Appendix VII to this Circular, the unaudited consolidated net tangible assets of the Group attributable to the Shareholders would increase from HK$2,147.14 million or HK$1.285 per Share as at 30 June 2009 to HK$3,610.51 million or HK$1.589 per Share as a result of the Acquisition.

The above comparison has not taken into account (i) the Group's acquisition of the interest in Luck Achieve Limited as disclosed in the Company's circular dated 12 August 2009; and (ii) the subscription of 222,000,000 new Shares as disclosed in the Company's announcement dated 13 August 2009.

c. Gearing position

The net gearing of the Group (being total borrowings less cash balances (excluded restricted cash and pledged deposits) to shareholders' fund) was 20.3% as at 30 June 2009. As set out in the "Financial Information of the Enlarged Group" in Appendix VII to the Circular, the Enlarged Group's net gearing will be improved to 12.5% upon Completion.

d. Earnings

Following the Completion, the Group's portfolio of real estate developments will be expanded. The Properties are currently in different development stages and will be completed between 2010 and 2013 as set out in the sub-paragraph headed "*3.1.2 The Properties*". The overall effects of the Acquisition on the future earnings of the Group will depend on, amongst other matters, the return to be generated from the gross sales proceeds resulted from the selling of the Properties.

IV. RECOMMENDATION

We have considered the above principal factors and reasons and particularly (i) the Acquisition's consistency with the Group's stated business strategy to focus on real estate investment and development as a core business activity; (ii) the terms of the Consideration as discussed above; (iii) the possible financial effects; and (iv) the possible dilution on public shareholdings.

We are of the opinion that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Therefore, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour for the ordinary resolution to approve the Acquisition at the SGM.

Yours faithfully,
For and on behalf of
Access Capital Limited

Ambrose Lam
Principal Director

Jimmy Chung
Principal Director

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

30 November 2009

The Directors
Minmetals Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 五礦建設(湖南)嘉和日盛房地產開發有限公司 ("Jiahe Risheng") set out in Sections I to III below, for inclusion in the circular of Minmetals Land Limited (the "Company") dated 30 November 2009 (the "Circular") in connection with the proposed acquisition of a 49% effective equity interest of Jiahe Risheng by the Company. The Financial Information comprises the balance sheets of Jiahe Risheng as at 31 December 2007 and 2008 and 31 August 2009, and the statements of comprehensive income, the statements of changes in equity and the cash flow statements of Jiahe Risheng for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

Jiahe Risheng was established in the People's Republic of China (the "PRC") as a joint venture company on 23 April 2007. It adopts 31 December as its financial year end date.

The financial statements of Jiahe Risheng prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises of the People's Republic of China (the "PRC") for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008, and the financial statements of Jiahe Risheng prepared in accordance with the Accounting Standards for Business Enterprises (2006) of the PRC for the eight months ended 31 August 2009 were audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company.

For the purpose of this report, the directors of Jiahe Risheng have prepared financial statements of Jiahe Risheng for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKFRS Financial Statements"). The HKFRS Financial Statements for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009 were audited by PricewaterhouseCoopers.

The Financial Information has been prepared based on the HKFRS Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of Jiahe Risheng during the Relevant Periods are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements in accordance with HKFRS issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

For the financial information for the eight months ended 31 August 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the HKFRS Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the eight months ended 31 August 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, for the purpose of this report, gives a true and fair view of the state of affairs of Jiahe Risheng as at 31 December 2007 and 2008 and 31 August 2009, and of its results and cash flows for the respective periods then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the eight months ended 31 August 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS issued by the HKICPA.

I. FINANCIAL INFORMATION OF JIAHE RISHENG

Statements of Comprehensive Income

	Note	For the period from 23 April 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	2008
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Revenue		–	–	–	–
Selling and distribution costs	*6*	(113)	(10,358)	(5,872)	(7,467)
Administrative expenses	*6*	(4,870)	(7,547)	(4,158)	(3,233)
Operating loss		(4,983)	(17,905)	(10,030)	(10,700)
Finance income	*8*	327	2,227	295	1,229
Loss before tax		(4,656)	(15,678)	(9,735)	(9,471)
Income tax credit	*9*	–	–	7,407	–
Loss for the period/year		(4,656)	(15,678)	(2,328)	(9,471)
Other comprehensive expense		–	–	–	–
Total comprehensive expense for the period/year		(4,656)	(15,678)	(2,328)	(9,471)
Attributable to:					
Equity holders of Jiahe Risheng		(4,656)	(15,678)	(2,328)	(9,471)

Balance Sheets

	Note	As at 31 December 2007 RMB'000	As at 31 December 2008 RMB'000	As at 31 August 2009 RMB'000
ASSETS				
Non-current assets				
Plant and equipment	12	677	1,349	1,212
Deferred tax assets	19	–	–	7,407
		677	1,349	8,619
Current assets				
Properties under development for sale	13	556,735	701,315	955,185
Prepayments and other receivables	14	329	5,657	3,286
Amount due from a related company	21	–	–	1,220
Amount due from immediate holding company	21	–	5	–
Restricted cash	15	–	7,194	3,641
Cash and cash equivalents	16	46,475	67,307	76,892
		603,539	781,478	1,040,224
Total assets		604,216	782,827	1,048,843
EQUITY				
Capital and reserves attributable to equity holders of Jiahe Risheng				
Paid-in capital	17	380,000	380,000	380,000
Accumulated losses		(4,656)	(20,334)	(22,662)
Total equity		375,344	359,666	357,338

	Note	As at 31 December 2007 RMB'000	As at 31 December 2008 RMB'000	As at 31 August 2009 RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	*18*	228,378	157,640	136,160
Current liabilities				
Trade and other payables	*20*	494	27,114	167,463
Deferred revenue		–	2,309	27,772
Borrowings	*18*	–	225,432	347,944
Amount due to a fellow subsidiary	*21*	–	2,503	4,710
Amount due to a related company	*21*	–	8,163	7,456
		494	265,521	555,345
Total liabilities		228,872	423,161	691,505
Total equity and liabilities		604,216	782,827	1,048,843
Net current assets		603,045	515,957	484,879
Total assets less current liabilities		603,722	517,306	493,498

Statements of Changes in Equity

	Paid-in capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 23 April 2007 (date of establishment)	–	–	–
Issue of capital	380,000	–	380,000
Loss for the period	–	(4,656)	(4,656)
At 31 December 2007	380,000	(4,656)	375,344
Loss for the year	–	(15,678)	(15,678)
At 31 December 2008	380,000	(20,334)	359,666
Loss for the period	–	(2,328)	(2,328)
At 31 August 2009	380,000	(22,662)	357,338
(unaudited)			
At 1 January 2008	380,000	(4,656)	375,344
Loss for the period	–	(9,471)	(9,471)
At 31 August 2008	380,000	(14,127)	365,873

Cash Flow Statements

	Note	For the period from 23 April 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	For the eight months ended 31 August 2008
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Operating activities					
Cash used in operations	22	(545,173)	(111,471)	(75,950)	(55,423)
Interest paid		(7,495)	(26,698)	(14,616)	(13,219)
Net cash used in operating activities		(552,668)	(138,169)	(90,566)	(68,642)
Investing activities					
Purchase of plant and equipment		(713)	(866)	(144)	(307)
Interest received		327	2,227	295	1,229
Net cash (used in)/generated from investing activities		(386)	1,361	151	922
Financing activities					
Proceeds from increase in capital		380,000	–	–	–
New borrowings		836,514	157,640	136,160	157,640
Repayment of borrowings		(614,154)	–	(36,160)	–
Net cash generated from financing activities		602,360	157,640	100,000	157,640
Increase in cash and cash equivalents		49,306	20,832	9,585	89,920
Cash and cash equivalents at the beginning of the period/year		–	46,475	67,307	46,475
Effect of foreign exchange rate changes		(2,831)	–	–	–
Cash and cash equivalents at the end of the period/year	16	46,475	67,307	76,892	136,395

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

五礦建設(湖南)嘉和日盛房地產開發有限公司 ("Jiahe Risheng"), formerly known as 湖南嘉和日盛房地產開發有限公司, was a Sino-foreign equity joint venture company established in The People's Republic of China (the "PRC") on 23 April 2007.

On 28 February 2008, Jiahe Risheng was renamed from 湖南嘉和日盛房地產開發有限公司 to 五礦建設(湖南)嘉和日盛房地產開發有限公司.

The address of its registered office is Room 402 Building Jiashengaomei, No. 293 Laodongxi Road, Tianxi District, Changsha, the PRC.

The principal activity of Jiahe Risheng is property development in the PRC.

This financial information ("Financial Information") is presented in Renminbi unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of Minmetals Land Limited and have been consistently applied to the Relevant Periods.

(a) Basis of preparation

The Financial Information of Jiahe Risheng has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared under the historical cost convention.

New/revised standards, amendments and improvements to existing standards and interpretation relevant to Jiahe Risheng that are not yet effective and have not been early adopted by Jiahe Risheng

HKAS 7 Amendment, "Statement of cash flows" (effective from 1 January 2010). Only expenditures that result in a recognised asset are eligible for classification as investing activities. Jiahe Risheng will apply HKAS 7 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Jiahe Risheng's financial statements.

HKAS 17 Amendment, "Leases" (effective from 1 January 2010). The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on the adoption of the amendment on the basis of information existing at inception of the leases. Jiahe Risheng will apply HKAS 17 amendment from 1 January 2010. The amendment is not expected to have any material impact on Jiahe Risheng's financial statements.

HKFRS 8 Amendment, "Operating segments" (effective from 1 January 2010). Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. Jiahe Risheng will apply HKFRS 8 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Jiahe Risheng's financial statements.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker has been identified as the board of directors.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of Jiahe Risheng are measured using the currency of the primary economic environment in which Jiahe Risheng operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is Jiahe Risheng'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 profit or loss.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of Jiahe Risheng's activities.

Jiahe Risheng recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Jiahe Risheng and specific criteria have been met for each of Jiahe Risheng's activities as described below. Jiahe Risheng 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 instalments received on properties sold prior to completion of the respective sale agreements are included as deferred revenue under current liabilities.

(ii) Interest income

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

(e) 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 net of any incentives received from the lessor are charged to the profit or loss on a straight-line basis over the period of the lease.

(f) 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 profit or loss in the period in which they are incurred.

(g) Plant and equipment

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 Jiahe Risheng 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 profit or loss during the financial period in which they are incurred.

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

Furniture, fixtures and equipment	20%
Motor vehicles	20%

The asset's 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

(h) 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

Jiahe Risheng classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

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.

Purchases and sales of investments are recognised on trade-date, the date on which Jiahe Risheng commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. 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 Jiahe Risheng has transferred substantially all risks and rewards of ownership.

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

Jiahe Risheng assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(j) Properties under development for sale

Properties under development for sale 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 for sale 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.

(k) Other receivables

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 other receivables is established when there is objective evidence that Jiahe Risheng 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 profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit or loss.

(l) 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.

(m) Paid-in capital

Paid-in capital are classified as equity.

(n) 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 profit or loss over the period of the borrowings using the effective interest method.

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

(o) 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 Financial Information. Deferred tax is determined using tax rates and laws that have been enacted or substantively 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.

(p) 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

Employees of Jiahe Risheng in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. Jiahe Risheng's obligation is to make the required contributions under the scheme.

(q) 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.

(r) Provisions and contingent liabilities

Provisions are recognised when Jiahe Risheng 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 Jiahe Risheng. 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 Jiahe Risheng's Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(s) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary holder of the guarantee (i.e. the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

Jiahe Risheng's activities expose it to cash flow interest rate risk, credit risk and liquidity risk. These risks are managed by Jiahe Risheng's financial management policies and practices as described below to minimise potential adverse effects on Jiahe Risheng's financial performance.

(a) Financial instruments by category

Loans and receivables include other receivables, amounts due from a related company and immediate holding company, restricted cash and cash and cash equivalents.

Financial liabilities at amortised cost include trade and other payables, borrowings and amounts due to a fellow subsidiary and a related company.

(b) Cash flow interest rate risk

Jiahe Risheng's cash flow interest-rate risk arises from borrowings issued at variable rates. Jiahe Risheng 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 RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, finance costs capitalised into properties under development for sale would be increased/decreased by RMB2,224,000, RMB3,800,000, RMB2,533,000 and RMB3,200,000 for the years ended 31 December 2007 and 2008 and the eight months ended 31 August 2008 and 2009 respectively.

(c) Credit risk

Credit risk primarily arises from deposits with banks and guarantees provided in respect of mortgage facilities.

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

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

(d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities and funding from group companies. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of Jiahe Risheng's liquidity reserve on the basis of expected cash flow.

The table below analyses Jiahe Risheng's financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**Between 1 and 2 years**
	RMB'000	*RMB'000*
At 31 December 2007		
Borrowings	13,280	224,721
Trade and other payables	84	–
	13,364	224,721
At 31 December 2008		
Borrowings	244,331	159,739
Trade and other payables	26,346	–
Amount due to a fellow subsidiary	2,503	–
Amount due to a related company	8,163	–
	281,343	159,739
At 31 August 2009		
Borrowings	367,602	138,020
Trade and other payables	165,346	–
Amount due to a fellow subsidiary	4,710	–
Amount due to a related company	7,456	–
	545,114	138,020

The table above excludes guarantees given to banks for mortgage facilities granted to certain buyers of Jiahe Risheng's properties (see note 3.1(c) and note 23).

3.2 Capital risk management

The total equity of Jiahe Risheng represents the capital structure of Jiahe Risheng.

Jiahe Risheng's objectives when managing capital are to safeguard Jiahe Risheng's ability to continue as a going concern in order to provide returns for shareholders. Jiahe Risheng obtains its financial support from its immediate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information 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 Jiahe Risheng's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) Fair value estimation

The carrying values of other receivables, trade and other payables, amounts due from/(to) immediate holding company, a fellow subsidiary and related companies approximate their fair values due to their short-term nature and the discounting effect is considered minimal.

5 SEGMENT INFORMATION

No segment analysis is presented as all the operations and assets of Jiahe Risheng are solely relating to property development in the PRC.

6 EXPENSES BY NATURE

	For the period from 23 April 2007 (date of establish-ment) to 31 December	For the year ended 31 December	For the eight months ended 31 August	
	2007	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Amortisation of land lease premium	1,208	7,217	5,981	5,973
Less: amount capitalised into properties under development for sale	(1,208)	(7,217)	(5,981)	(5,973)
	–	–	–	–
Depreciation	36	187	281	109
Operating lease charges – minimum lease payment in respect of land and buildings	147	239	127	177
Net foreign exchange loss	2,831	–	–	–
Employee benefit expense *(Note 7)*	617	1,799	1,398	1,041
Selling and distribution costs	113	10,358	5,872	7,467
Legal and professional fees	–	42	66	15
Loss on disposal of equipment	–	7	–	7
Others	1,239	5,273	2,286	1,884
Total selling and distribution costs and administrative expenses	4,983	17,905	10,030	10,700

7 EMPLOYEE BENEFIT EXPENSE

	For the period from 23 April 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Wages and salaries	431	1,491	1,552	974
Pension costs – defined contribution plans	186	704	200	263
	617	2,195	1,752	1,237
Less: staff cost capitalised in properties under development for sale	–	(396)	(354)	(196)
	617	1,799	1,398	1,041

(a) Directors' emoluments

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the period from 23 April 2007 (date of establishment) to 31 December 2007					
He Jianbo	–	–	–	–	–
Liu Zeping	–	–	–	–	–
Yin Liang	–	–	–	–	–
Yang Zhiwei	–	–	–	–	–
He Xiaoli	–	–	–	–	–
Yang Lu	–	–	–	–	–
Liu Zhiqiang	–	27	60	9	96
	–	27	60	9	96
For the year ended 31 December 2008					
He Jianbo	–	–	–	–	–
Liu Zeping	–	–	–	–	–
Yin Liang	–	–	–	–	–
Yang Zhiwei	–	–	–	–	–
He Xiaoli	–	–	–	–	–
Yang Lu	–	–	–	–	–
Liu Zhiqiang	–	116	60	25	156
	–	116	60	25	156

Name of Director	Fees	Salaries, allowances and benefits in kind	Dis-cretionary bonuses	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the eight months ended 31 August 2009					
He Jianbo	–	–	–	–	–
Liu Zeping	–	–	–	–	–
Yin Liang	–	–	–	–	–
Yang Zhiwei	–	–	–	–	–
He Xiaoli	–	–	–	–	–
Yang Lu	–	–	–	–	–
Liu Zhiqiang	–	87	60	17	164
	–	87	60	17	164
(unaudited) For the eight months ended 31 August 2008					
He Jianbo	–	–	–	–	–
Liu Zeping	–	–	–	–	–
Yin Liang	–	–	–	–	–
Yang Zhiwei	–	–	–	–	–
He Xiaoli	–	–	–	–	–
Yang Lu	–	–	–	–	–
Liu Zhiqiang	–	72	60	16	148
	–	72	60	16	148

During the Relevant Periods, no Directors waived or agreed to waive any emoluments.

During the Relevant Periods, no emoluments were paid by Jiahe Risheng to the Directors as an inducement to join or as compensation for loss of office.

(b) Five highest-paid individuals

The five highest-paid individuals of Jiahe Risheng include one director of Jiahe Risheng throughout the Relevant Periods. This Director's emoluments are disclosed in (a) above. Details of the emoluments of the remaining four individuals for the Relevant Periods are as follows:

	For the period from 23 April 2007 (date of establish-ment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	
			2009	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Salaries, allowances and benefits in kind	117	504	384	321
Bonuses	236	169	214	169
Employer's contributions to pension scheme	35	81	51	54
	388	754	649	544

The emoluments fell within the following bands:

	For the period from 23 April 2007 (date of establish-ment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	
			2009	**2008** (unaudited)
RMB nil to RMB881,000	4	4	4	4

During the Relevant Periods, no emoluments were paid by Jiahe Risheng to these individuals as an inducement to join or as compensation for loss of office.

8 FINANCE INCOME AND COSTS

	For the period from 23 April 2007 (date of establish-ment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August	
	2007	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Finance income				
Interest income from bank deposits	327	2,227	295	1,229
Finance costs				
Bank borrowings				
Wholly repayable within five years	–	–	1,221	–
Other loans				
Wholly repayable within five years	13,513	23,752	14,427	16,173
Interest expenses on borrowings	13,513	23,752	15,648	16,173
Less: amount capitalised into properties under development for sale	(13,513)	(23,752)	(15,648)	(16,173)
	–	–	–	–

Borrowing costs were capitalised at rates of 5.91% and 6.97% for the period ended 31 December 2007 and the year ended 31 December 2008 respectively and 7.57% and 5.92% for the eight months ended 31 August 2008 and 2009 respectively.

9 INCOME TAX CREDIT

No PRC corporate income tax were provided as Jiahe Risheng had no estimated assessable profit for the Relevant Periods.

	For the period from 23 April 2007 (date of establish-ment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August	
	2007	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current income tax	–	–	–	–
Deferred income tax	–	–	7,407	–
	–	–	7,407	–

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law reduces the corporate income tax for domestic enterprises from 33% to 25% with effect from 1 January 2008.

The income tax on Jiahe Risheng's loss for the Relevant Periods differ from the theoretical amount that would arise using the applicable tax rates of the PRC as follows:

	For the period from 23 April 2007 (date of establish-ment) to 31 December	**For the year ended 31 December**	**For the eight months ended 31 August**	
	2007	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Loss before tax	(4,656)	(15,678)	(9,735)	(9,471)
Calculated at the applicable tax rate	(1,536)	(3,920)	(2,434)	(2,368)
Expenses not deductible for tax purpose	54	53	17	28
Unrecognised tax losses	1,482	3,867	–	2,340
Recognition of previously unrecognised tax losses	–	–	(4,990)	–
	–	–	(7,407)	–

10 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful as Jiahe Risheng has registered capital only.

11 DIVIDENDS

The Directors do not recommend the payment of a dividend for the Relevant Periods.

12 PLANT AND EQUIPMENT

Movements in plant and equipment are as follows:

	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Period ended 31 December 2007			
At 23 April 2007 (date of establishment)	–	–	–
Additions	208	505	713
Depreciation	(16)	(20)	(36)
Closing net book amount	192	485	677
At 31 December 2007			
Cost	208	505	713
Accumulated depreciation	(16)	(20)	(36)
Net book amount	192	485	677
Year ended 31 December 2008			
Opening net book amount	192	485	677
Additions	512	354	866
Disposals	(7)	–	(7)
Depreciation	(83)	(104)	(187)
Closing net book amount	614	735	1,349
At 31 December 2008			
Cost	713	859	1,572
Accumulated depreciation	(99)	(124)	(223)
Net book amount	614	735	1,349
Eight months ended 31 August 2009			
Opening net book amount	614	735	1,349
Additions	144	–	144
Depreciation	(170)	(111)	(281)
Closing net book amount	588	624	1,212
At 31 August 2009			
Cost	857	859	1,716
Accumulated depreciation	(269)	(235)	(504)
Net book amount	588	624	1,212

13 PROPERTIES UNDER DEVELOPMENT FOR SALE

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Properties under development for sale			
– located in the PRC			
Land use rights (a)	532,592	525,375	644,994
Construction in progress	24,143	175,940	310,191
	556,735	701,315	955,185

(a) The land use rights was granted to Jiahe Risheng on 11 June 2008.

(b) As at 31 August 2009, properties under development for sale with a total carrying amount of approximately RMB238,000,000 have been pledged as securities for bank borrowings (Note 18).

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	86	4,493	276
Prepayments	210	834	2,800
Others	33	330	210
	329	5,657	3,286

The carrying amounts of other receivables are all denominated in RMB and are neither past due nor impaired. There is no recent history of default with respect to other receivables.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivable disclosed above. Jiahe Risheng does not hold any collateral as security.

15 RESTRICTED CASH

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash	–	7,194	3,641
Maximum exposure to credit risk	–	7,194	3,641

The carrying amounts of restricted cash are all denominated in RMB.

The restricted cash represent performance deposits placed in banks. As at 31 December 2008 and 31 August 2009, the restricted cash carried interest at rates of 4.44% and 4.14% per annum respectively.

16 CASH AND CASH EQUIVALENTS

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	46,469	67,307	76,888
Cash on hand	6	–	4
Cash and cash equivalents	46,475	67,307	76,892
Maximum exposure to credit risk	46,469	67,307	76,888

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Hong Kong dollar	11,716	–	–
RMB	34,759	67,307	76,892
	46,475	67,307	76,892

17 PAID-IN CAPITAL

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Paid-in capital	380,000	380,000	380,000

Jiahe Risheng was established in the PRC on 23 April 2007 as a joint venture company with a registered capital of RMB10,000,000. The registered capital was fully paid up on 18 April 2007.

On 10 November 2007, the registered capital was increased to RMB380,000,000 and was fully paid up on 5 December 2007.

18 BORROWINGS

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Loan from a shareholder, unsecured (a)(i)	191,822	–	–
Loans from immediate holding company, unsecured (a)(ii)	36,556	–	–
Loans from a fellow subsidiary, unsecured (a)(iii)	–	157,640	36,160
Bank loan, secured (a)(iv)	–	–	100,000
	228,378	157,640	136,160
Current			
Loan from a shareholder, unsecured (a)(i)	–	186,200	188,211
Loans from immediate holding company, unsecured (a)(ii)	–	39,232	–
Loans from a fellow subsidiary, unsecured (a)(iii)	–	–	159,733
	–	225,432	347,944
Total borrowings	228,378	383,072	484,104

(a) (i) The unsecured loan with principal amount of RMB186,200,000 as at 31 December 2007, 2008 and 31 August 2009 from a shareholder, 湖南嘉盛房地產開發有限責任公司, carries interest at the floating rate for Renminbi 1 – 3 years term loans as quoted by The People's Bank of China from time to time, and is repayable on 12 November 2009. The interest payable of RMB5,622,000, RMB nil and RMB2,011,000 as at 31 December 2007 and 2008 and 31 August 2009 respectively had no fixed terms of repayment.

(ii) The unsecured loans with principal amount of RMB36,160,000 as at 31 December 2007 and 2008 from immediate holding company, 五礦建設(長沙)有限公司, carry interest at the floating rate for Renminbi 1 – 3 years term loans as quoted by The People's Bank of China from time to time. An amount of RMB5,000,000 was repayable on 18 October 2009 and the remaining balance was repayable on 11 November 2009. The balances were early repaid during the eight months ended 31 August 2009. The interest payable of RMB396,000 and RMB3,072,000 as at 31 December 2007 and 2008 respectively had no fixed terms of repayment.

(iii) The unsecured loans of principal amounts of RMB157,640,000 and RMB193,800,000 as at 31 December 2008 and 31 August 2009 respectively from a fellow subsidiary, Zhuhai (Oriental) Blue Horrison Properties Company Limited, carry interest at the floating rate for Renminbi 1 – 3 years term loans as quoted by The People's Bank of China from time to time, of which an amount of RMB36,160,000 is repayable on 20 April 2011 and the remaining balance is repayable on 31 March 2010. The interest payable of RMB2,093,000 as at 31 August 2009 had no fixed terms of repayment.

(iv) As at 31 August 2009, the properties under development for sale with a total carrying amount of approximately RMB238,000,000 are pledged by Jiahe Risheng for bank borrowings (Note 13).

(b) The maturity of Jiahe Risheng's borrowings is as follows:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Loan from a shareholder			
Within one year	–	186,200	188,602
In the second year	191,822	–	–
	191,822	186,200	188,602
Loans from immediate holding company			
Within one year	–	39,232	–
In the second year	36,556	–	–
	36,556	39,232	–
Loan from a fellow subsidiary			
Within one year	–	–	159,342
In the second year	–	157,640	36,160
	–	157,640	195,502
Bank loan			
In the second year	–	–	100,000

(c) All the borrowings are on a floating interest rate basis as follows:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
Non-current			
Loan from a shareholder	6.08%	–	–
Loans from immediate holding company	7.56%	–	–
Loan from a fellow subsidiary	–	7.30%	5.40%
Bank loans	–	–	5.94%
Current			
Loan from a shareholder	–	7.30%	5.40%
Loans from immediate holding company	–	7.30%	–
Loan from a fellow subsidiary	–	–	5.40%

The effective interest rates of the borrowings as at 31 December 2007 and 2008 and 31 August 2009 were 5.91%, 6.97% and 5.92% respectively.

The fair values of borrowings approximate their carrying amounts.

(d) The carrying amounts of the borrowings are all denominated in RMB.

19 DEFERRED TAX

Movements of deferred tax assets are as follows:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses			
At beginning of the period/year	–	–	–
Recognised in the profit or loss	–	–	7,407
At end of the year	–	–	7,407

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2007 and 2008, Jiahe Risheng had unrecognised tax losses in the PRC of approximately RMB4,491,000 and RMB19,959,000 respectively. These tax losses will expire in 2012 and 2013.

20 TRADE AND OTHER PAYABLES

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Land cost payable	–	–	120,600
Construction cost payables	–	25,105	38,835
Accruals and other payables	64	161	707
Pre-sale deposits	–	–	4,344
Rental deposits received	20	–	–
Other deposits received	–	1,080	860
Other tax payables	410	768	2,117
	494	27,114	167,463

The carrying amounts of trade and other payables are all denominated in RMB.

The aging analysis of land cost payable and construction cost payables of Jiahe Risheng are as follow:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
0 – 30 days	–	25,105	159,435

21 **AMOUNTS DUE FROM/TO IMMEDIATE HOLDING COMPANY, A FELLOW SUBSIDIARY AND RELATED COMPANIES**

The amounts due from/to immediate holding company, a fellow subsidiary and related companies denominated in RMB are unsecured, non-interest bearing and repayable on demand.

There is no recent history of default with respect to the amounts receivable from immediate holding company and a related company.

22 **NOTE TO THE CASH FLOW STATEMENTS**

Reconciliation of loss before tax to cash used in operations:

	For the period from 23 April 2007 (date of establish-ment) to 31 December	For the year ended 31 December	For the eight months ended 31 August	
	2007	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Loss before tax	(4,656)	(15,678)	(9,735)	(9,471)
Interest income	(327)	(2,227)	(295)	(1,229)
Depreciation	36	187	281	109
Net foreign exchange loss	2,831	–	–	–
Loss on disposal of plant and equipment	–	7	–	7
Operating loss before working capital changes	(2,116)	(17,711)	(9,749)	(10,584)
Increase in properties under development for sale	(543,222)	(120,828)	(238,222)	(37,372)
(Increase)/decrease in prepayments and other receivables	(329)	(5,328)	2,371	(6,056)
(Increase)/decrease in restriced cash	–	(7,194)	3,553	(7,194)
Increase in trade and other payables	494	26,620	140,349	3,484
Increase in deferred revenue	–	2,309	25,463	–
(Increase)/decrease in amount due from immediate holding company	–	(5)	5	–
Increase in amount due to a fellow subsidiary	–	2,503	2,207	–
Increase/(decrease) in amount due from/(to) related companies	–	8,163	(1,927)	2,299
Cash used in operations	(545,173)	(111,471)	(75,950)	(55,423)

23 **FINANCIAL GUARANTEES**

At 31 August 2009, Jiahe Risheng 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 Jiahe Risheng and the outstanding mortgage loans under these guarantees amounted to approximately RMB780,000.

24 COMMITMENTS

(a) Jiahe Risheng had capital commitments as follows:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
Land cost	125,600	125,600	–
Property development	5,098	89,157	63,512
	130,698	214,757	63,512

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

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	251	232	220
Later than one year and not later than five years	147	–	101
	398	232	321

25 RELATED PARTY TRANSACTIONS

The directors of Jiahe Risheng consider the immediate holding company to be Minmetals Land (Changsha) Limited, a company established in Hong Kong, the intermediate holding company to be Minmetals Land Limited, a company established in Bermuda and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a company established 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 HKICPA, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are also defined as related parties of Jiahe Risheng. 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 Jiahe Risheng is able to control or exercise significant influence and key management personnel of Jiahe Risheng and China Minmetals as well as their close family members.

For the purpose of the related party transactions disclosures, Jiahe Risheng has identified, to the extent practicable, its counterparties 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 privatisation programmes. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

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

(a) Transactions with related parties

	For the period from 23 April 2007 (date of establish-ment) to 31 December 2007	**For the year ended 31 December 2008**	**For the eight months ended 31 August**	
			2009	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Bank interest income from state-owned banks *(note (i))*	327	2,227	295	1,229
Construction costs to a fellow subsidiary for a property development project *(note (ii))*	–	527	7,445	–
Construction costs to a related company for a property development project *(note(iii))*	–	24,656	18,121	–
Loan interest costs to a shareholder *(note 8)*	13,116	13,869	7,094	9,385
Loan interest costs to immediate holding company *(note 8)*	397	2,675	597	1,822
Loan interest costs to a fellow subsidiary *(note 8)*	–	7,208	6,736	4,966
Loan interest cost to state-owned banks *(note (i) and note 8)*	–	–	1,221	–
Payment to local government in the PRC for settlement of land costs *(note (iv))*	502,400	–	–	5,000

(b) Balances with related parties

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits in state-owned banks *(note (i))*	46,469	74,501	80,529
Contract payable to a fellow subsidiary for a property development project *(note (ii) and note 21)*	–	2,503	4,710
Contract payable to a related company for a property development project *(note (iii) and note 21)*	–	8,163	7,456
Loan from a shareholder *(note 18)*	191,822	186,200	188,211
Loan from immediate holding company *(note 18)*	36,556	39,232	–
Loan from a fellow subsidiary *(note 18)*	–	157,640	195,893
Amount due from immediate holding company *(note 21)*	–	5	–
Amount due from a related company *(note 21)*	–	–	1,220
Land cost payable to local government in the PRC *(note 20)*	–	–	120,600

(c) Key management compensation

	For the period from 23 April 2007 (date of establish-ment) to 31 December	For the year ended 31 December	For the eight months ended 31 August	
	2007	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Salaries and short-term employee benefits	353	673	598	490
Pension costs-defined contribution plans	35	81	51	54
	388	754	649	544

Notes:

(i) As China Minmetals is a state-owned enterprise, the PRC government is considered as Jiahe Risheng'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 Jiahe Risheng. To balance the cost and benefit in making disclosures, Jiahe Risheng has only disclosed material transactions with such state-controlled enterprises.

(ii) Construction contracts were entered into between Jiahe Risheng and its fellow subsidiary, Shanghai Jin Qiao Condo Decoration Engineering Co. Limited for the construction of the properties under development for sale.

(iii) Construction contracts were entered into between Jiahe Risheng and its related company, Ershisanye Construction Group Co. Limited for the construction of the properties under development for sale.

(iv) On 31 October 2007 and 28 March 2008, Jiahe Risheng entered into the state-owned land use right grant contracts (國有土地使用權出讓合同) and supplementary contract with the Land and Resource Administration Bureau (長沙國土資源局) in respect of two parcels of adjoining land in Changsha, Hunan Province, the PRC (the "Land"). Pursuant to such contracts the land use rights of the Land shall be granted to Jiahe Risheng for an aggregate consideration of RMB628,000,000.

An amount of RMB502,400,000, representing 80% partial payment, was paid in 2007 while the remaining 20% would be settled upon the completion of public transport planning by local government. In 2009, an amount of RMB5,000,000 was paid.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jiahe Risheng in respect of any period subsequent to 31 August 2009. No dividend or distribution has been declared, made or paid by Jiahe Risheng in respect of any period subsequent to 31 August 2009 and up to the date of this report.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

30 November 2009

The Directors
Minmetals Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 五礦置業(天津)濱海新區有限公司 ("Tianjin Binhaixinqu") set out in Sections I to III below, for inclusion in the circular of Minmetals Land Limited (the "Company") dated 30 November 2009 (the "Circular") in connection with the proposed acquisition of the entire effective equity interest of Tianjin Binhaixinqu by the Company. The Financial Information comprises the balance sheets of Tianjin Binhaixinqu as at 31 December 2007 and 2008 and 31 August 2009, and the statements of comprehensive income, the statements of changes in equity and the cash flow statements of Tianjin Binhaixinqu for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

Tianjin Binhaixinqu was established in the People's Republic of China (the "PRC") as a limited liability company on 19 July 2007. It adopts 31 December as its financial year end date.

The financial statements of Tianjin Binhaixinqu prepared in accordance with the Accounting Standards for Business Enterprises(2006) of the People's Republic of China for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009 were audited by 北京興華會計師事務所有限責任公司.

For the purpose of this report, the directors of Tianjin Binhaixinqu have prepared financial statements of Tianjin Binhaixinqu for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKFRS Financial Statements"). The HKFRS Financial Statements for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009 were audited by PricewaterhouseCoopers.

The Financial Information has been prepared based on the HKFRS Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of Tianjin Binhaixinqu during the Relevant Periods are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements in accordance with HKFRS issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

For the financial information for the eight months ended 31 August 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the HKFRS Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the eight months ended 31 August 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, for the purpose of this report, gives a true and fair view of the state of affairs of Tianjin Binhaixinqu as at 31 December 2007 and 2008 and 31 August 2009, and of its results and cash flows for the respective periods then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the eight months ended 31 August 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS issued by the HKICPA.

I. FINANCIAL INFORMATION OF TIANJIN BINHAIXINQU

Statements of Comprehensive Income

	Note	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	2008
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Revenue		–	–	–	–
Selling and distribution costs	*6*	–	(676)	(1,357)	(412)
Administrative expenses	*6*	(657)	(4,041)	(2,919)	(2,017)
Operating loss		(657)	(4,717)	(4,276)	(2,429)
Finance income	*8*	11	460	78	334
Loss before tax		(646)	(4,257)	(4,198)	(2,095)
Income tax	*9*	–	–	–	–
Loss for the period/year		(646)	(4,257)	(4,198)	(2,095)
Other comprehensive expense		–	–	–	–
Total comprehensive expense for the period/year		(646)	(4,257)	(4,198)	(2,095)
Attributable to:					
Equity holders of Tianjin Binhaixinqu		(646)	(4,257)	(4,198)	(2,095)

Balance Sheets

		As at 31 December		As at 31 August
		2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Plant and equipment	*12*	342	791	765
Other assets		27	21	18
		369	812	783
Current assets				
Properties under development for sale	*13*	6,908	141,133	276,393
Prepayments and other receivables	*14*	13,049	800	1,841
Cash and cash equivalents	*15*	62,357	20,073	39,275
		82,314	162,006	317,509
Total assets		82,683	162,818	318,292
EQUITY				
Capital and reserves attributable to equity holders of Tianjin Binhaixinqu				
Paid-in capital	*16*	10,000	10,000	10,000
Accumulated losses		(646)	(4,903)	(9,101)
Total equity		9,354	5,097	899

		As at 31 December		As at 31 August
		2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liability				
Borrowings	*17*	70,000	92,000	–
Current liabilities				
Trade and other payables	*18*	3,329	65,638	132,768
Amount due to immediate holding company	*19*	–	83	65
Borrowings	*17*	–	–	184,560
		3,329	65,721	317,393
Total liabilities		73,329	157,721	317,393
Total equity and liabilities		82,683	162,818	318,292
Net current assets		78,985	96,285	116
Total assets less current liabilities		79,354	97,097	899

Statements of Changes in Equity

	Paid-in capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 19 July 2007 (date of establishment)	–	–	–
Issue of capital	10,000	–	10,000
Loss for the period	–	(646)	(646)
At 31 December 2007	10,000	(646)	9,354
Loss for the year	–	(4,257)	(4,257)
At 31 December 2008	10,000	(4,903)	5,097
Loss for the period	–	(4,198)	(4,198)
At 31 August 2009	10,000	(9,101)	899
(unaudited)			
At 1 January 2008	10,000	(646)	9,354
Loss for the period	–	(2,095)	(2,095)
At 31 August 2008	10,000	(2,741)	7,259

Cash Flow Statements

	Note	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	2008
		2007	2008	2009	2008
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Operating activities					
Cash used in operations	*20*	(17,296)	(58,284)	(64,055)	(62,308)
Interest paid		–	(5,865)	–	(3,910)
Net cash used in operating activities		(17,296)	(64,149)	(64,055)	(66,218)
Investing activities					
Purchase of plant and equipment		(358)	(595)	(101)	(551)
Interest received		11	460	78	334
Net cash used in investing activities		(347)	(135)	(23)	(217)
Financing activities					
Proceeds from increase in capital		10,000	–	–	–
New borrowings		70,000	39,500	83,280	39,500
Repayment of borrowings		–	(17,500)	–	(17,500)
Net cash generated from financing activities		80,000	22,000	83,280	22,000
Increase/(decrease) in cash and cash equivalents		62,357	(42,284)	19,202	(44,435)
Cash and cash equivalents at the beginning of the period/year		–	62,357	20,073	62,357
Cash and cash equivalents at the end of the period/year	*15*	62,357	20,073	39,275	17,922

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

五礦置業(天津)濱海新區有限公司 ("Tianjin Binhaixinqu"), formerly known as 天津市明邁特投資有限公司, is a limited liability company established in The People's Republic of China (the "PRC") on 19 July 2007 with a registered capital of RMB10,000,000. The address of its registered office is No. 3, Jintang Road, Tanggu District, Tianjin, the PRC.

On 28 November 2007, Tianjin Binhaixinqu was renamed from 天津市明邁特投資有限公司 to 五礦置業(天津)濱海新區有限公司.

The principal activity of Tianjin Binhaixinqu is property development in the PRC.

This financial information ("Financial Information") is presented in Renminbi unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of Minmetals Land Limited and have been consistently applied to the Relevant Periods.

(a) Basis of preparation

The Financial Information of Tianjin Binhaixinqu has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared under the historical cost convention.

New/revised standards, amendments and improvements to existing standards and interpretation relevant to Tianjin Binhaixinqu that are not yet effective and have not been early adopted by Tianjin Binhaixinqu

HKAS 7 Amendment, "Statement of cash flows" (effective from 1 January 2010). Only expenditures that result in a recognised asset are eligible for classification as investing activities. Tianjin Binhaixinqu will apply HKAS 7 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Tianjin Binhaixinqu's financial statements.

HKAS 17 Amendment, "Leases" (effective from 1 January 2010). The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on the adoption of the amendment on the basis of information existing at inception of the leases. Tianjin Binhaixinqu will apply HKAS 17 amendment from 1 January 2010. The amendment is not expected to have any material impact on Tianjin Binhaixinqu's financial statements.

HKFRS 8 Amendment, "Operating segments" (effective from 1 January 2010). Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. Tianjin Binhaixinqu will apply HKFRS 8 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Tianjin Binhaixinqu's financial statements.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker has been identified as the board of directors.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of Tianjin Binhaixinqu are measured using the currency of the primary economic environment in which Tianjin Binhaixinqu operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is Tianjin Binhaixinqu'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 profit or loss.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of Tianjin Binhaixinqu's activities.

Tianjin Binhaixinqu recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Tianjin Binhaixinqu and specific criteria have been met for each of Tianjin Binhaixinqu's activities as described below. Tianjin Binhaixinqu 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 instalments received on properties sold prior to completion of the respective sale agreements are included as deferred revenue under current liabilities.

(ii) Interest income

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

(e) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and Tianjin Binhaixinqu will comply with the conditions attaching with them. Grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs they are intended to compensate. Grants relating to assets are deducted in arriving at the carrying amounts of the assets and consequently are recognised in the profit or loss over the useful lives of the asset. Amounts received for which the attached conditions have not been met are accounted for as other payables.

(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 net of any incentives received from the lessor are charged to the profit or loss 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 profit or loss in the period in which they are incurred.

(h) Plant and equipment

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 Tianjin Binhaixinqu 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 profit or loss during the financial period in which they are incurred.

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

Furniture, fixtures and equipment	20%
Motor vehicles	20%

The asset's 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 equipment's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

(i) Financial assets

Tianjin Binhaixinqu classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

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.

Purchases and sales of investments are recognised on trade-date, the date on which Tianjin Binhaixinqu commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. 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 Tianjin Binhaixinqu has transferred substantially all risks and rewards of ownership.

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

Tianjin Binhaixinqu assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(j) 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Properties under development for sale

Properties under development for sale 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 for sale 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.

(l) Other receivables

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 other receivables is established when there is objective evidence that Tianjin Binhaixinqu 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 profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit or loss.

(m) 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.

(n) Paid-in capital

Paid-in capital are classified as equity.

(o) 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 profit or loss over the period of the borrowings using the effective interest method.

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

(p) 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 Financial Information. Deferred tax is determined using tax rates and laws that have been enacted or substantively 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.

(q) 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

Employees of Tianjin Binhaixinqu's in The PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. Tianjin Binhaixinqu's obligation is to make the required contributions under the scheme.

(r) 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.

(s) Provisions and contingent liabilities

Provisions are recognised when Tianjin Binhaixinqu 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 Tianjin Binhaixinqu. 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 Tianjin Binhaixinqu's Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

Tianjin Binhaixinqu's activities expose it to credit risk and liquidity risk. These risks are managed by Tianjin Binhaixinqu's financial management policies and practices as described below to minimise potential adverse effects on Tianjin Binhaixinqu's financial performance.

(a) Financial instruments by category

Loans and receivables include other receivables and cash and cash equivalents.

Financial liabilities at amortised cost include trade and other payables, borrowings and amount due to immediate holding company.

(b) Credit risk

Credit risk primarily arises from deposits with banks, which are denominated in RMB. Tianjin Binhaixinqu limits its exposure to credit risk by placing deposits only with reputable banks in the PRC.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from its immediate holding company. Management monitors the rolling forecasts of Tianjin Binhaixinqu's liquidity reserve on the basis of expected cash flow.

The table below analyses Tianjin Binhaixinqu's financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet dates to the contractual maturity dates. 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**
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2007			
Borrowings	5,821	5,821	73,396
Trade and other payables	3,329	–	–
	9,150	5,821	73,396
At 31 December 2008			
Borrowings	9,882	96,463	–
Trade and other payables	57,009	–	–
Amount due to immediate holding company	83	–	–
	66,974	96,463	–
At 31 August 2009			
Borrowings	196,832	–	–
Trade and other payables	87,855	36,606	–
Amount due to immediate holding company	65	–	–
	284,752	36,606	–

3.2 Capital risk management

The total equity of Tianjin Binhaixinqu represents the capital structure of Tianjin Binhaixinqu.

Tianjin Binhaixinqu's objectives when managing capital are to safeguard Tianjin Binhaixinqu's ability to continue as a going concern in order to provide returns for shareholders. Tianjin Binhaixinqu obtains its financial support from its immediate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information 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 Tianjin Binhaixinqu's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) Fair value estimation

The carrying values of other receivables, trade and other payables and amount due to immediate holding company approximate their fair values due to their short-term nature and the discounting effect is considered minimal.

5 SEGMENT INFORMATION

No segment analysis is presented as all the operations and assets of Tianjin Binhaixinqu are solely relating to property development in the PRC.

6 EXPENSES BY NATURE

	For the period from 19 July 2007 (date of establishment) to 31 December	**For the year ended 31 December**	**For the eight months ended 31 August**	
	2007	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Amortisation of land lease premium	–	1,333	1,251	705
Less: amount capitalised into properties under development for sale	–	(1,333)	(1,251)	(705)
	–	–	–	–
Depreciation	16	146	127	87
Operating lease charges – minimum lease payment in respect of land and buildings	–	658	399	390
Employee benefit expense *(Note 7)*	110	1,184	941	519
Selling and distribution costs	–	676	1,357	412
Legal and professional fees	–	81	10	1
Others	531	1,972	1,442	1,020
Total selling and distribution costs and administrative expenses	657	4,717	4,276	2,429

7 EMPLOYEE BENEFIT EXPENSE

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	
			2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Wages and salaries	185	2,309	2,358	1,039
Pension costs – defined contribution plans	3	265	332	153
	188	2,574	2,690	1,192
Less: staff cost capitalised in properties under development for sale	(78)	(1,390)	(1,749)	(673)
	110	1,184	941	519

(a) Directors' emoluments

The remuneration of each director of Tianjin Binhaixinqu ("Director", collectively "Directors") for the Relevant Periods is set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension cost – defined contribution plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period from 19 July 2007 (date of establishment) to 31 December 2007					
Tian Jingqi	–	–	–	–	–
Zhang Huayu	–	–	–	–	–
Zhu Dinghua	–	–	–	–	–
Yang Datong	–	26	–	–	26
Song Yibin	–	34	–	–	34
	–	60	–	–	60
Year ended 31 December 2008					
Tian Jingqi	–	–	–	–	–
Zhang Huayu	–	–	–	–	–
Zhu Dinghua	–	–	–	–	–
Yang Datong	–	155	72	48	275
Song Yibin	–	115	115	–	230
	–	270	187	48	505
Eight months ended 31 August 2009					
Tian Jingqi	–	–	–	–	–
Zhang Huayu	–	–	–	–	–
Zhu Dinghua	–	–	–	–	–
Yang Datong	–	121	260	17	398
Song Yibin	–	76	125	–	201
	–	197	385	17	599
(unaudited) Eight months ended 31 August 2008					
Tian Jingqi	–	–	–	–	–
Zhang Huayu	–	–	–	–	–
Zhu Dinghua	–	–	–	–	–
Yang Datong	–	97	35	29	161
Song Yibin	–	77	90	–	167
	–	174	125	29	328

During the Relevant Periods, no Directors waived or agreed to waive any emoluments.

During the Relevant Periods, no emoluments were paid by Tianjin Binhaixinqu to the Directors as an inducement to join or as compensation for loss of office.

(b) Five highest-paid individuals

The five highest-paid individuals in Tianjin Binhaixinqu include two directors of Tianjin Binhaixinqu throughout the Relevant Periods. These Directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining three individuals for the Relevant Periods are as follows:

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	For the eight months ended 31 August 2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Salaries, allowances and benefits in kind	71	250	239	153
Bonuses	–	126	311	88
Pension costs – defined contribution plans	–	26	43	35
	71	402	593	276

The emoluments fell within the following bands:

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	For the eight months ended 31 August 2008
				(unaudited)
RMB nil to RMB881,000	3	3	3	3

During the Relevant Periods, no emoluments were paid by Tianjin Binhaixinqu to these individuals as an inducement to join or as compensation for loss of office.

8 FINANCE INCOME AND COSTS

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	
			2009	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Finance income				
Interest income from bank deposits	11	460	78	334
Finance costs				
Loan from immediate holding company				
Wholly repayable within five years	–	5,865	9,280	3,910
Less: amount capitalised into properties under development for sale	–	(5,865)	(9,280)	(3,910)
	–	–	–	–

Borrowing costs were capitalised at rates of 6.52%, 6.61% and 11.06% per annum for the year ended 31 December 2008 and for the eight months ended 31 August 2008 and 2009 respectively.

9 INCOME TAX

No PRC corporate income tax were provided as Tianjin Binhaixinqu had no estimated assessable profit for the Relevant Periods.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT law reduces the corporate income tax rate for domestic enterprises from 33% to 25% with effect from 1 January 2008.

The income tax on Tianjin Binhaixinqu's loss for the Relevant Periods differ from the theoretical amount that would arise using the tax rate of the PRC as follows:

	For the period from 19 July 2007 (date of establishment) to 31 December	**For the year ended 31 December**	**For the eight months ended 31 August**	
	2007	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Loss before tax	(646)	(4,257)	(4,198)	(2,095)
Calculated at the applicable tax rate	(213)	(1,064)	(1,050)	(524)
Expenses not deductible for tax purpose	128	524	367	262
Other temporary differences not recognised	85	540	683	262
	–	–	–	–

10 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful as Tianjin Binhaixinqu has registered capital only.

11 DIVIDENDS

The Directors do not recommend the payment of a dividend for the Relevant Periods.

12 PLANT AND EQUIPMENT

Movements in plant and equipment are as follows:

	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Period ended 31 December 2007			
At 19 July 2007 (date of establishment)	–	–	–
Additions	43	315	358
Depreciation	–	(16)	(16)
Closing net book amount	43	299	342
At 31 December 2007			
Cost	43	315	358
Accumulated depreciation	–	(16)	(16)
Net book amount	43	299	342
Year ended 31 December 2008			
Opening net book amount	43	299	342
Additions	104	491	595
Depreciation	(17)	(129)	(146)
Closing net book amount	130	661	791
At 31 December 2008			
Cost	147	806	953
Accumulated depreciation	(17)	(145)	(162)
Net book amount	130	661	791
Eight months ended 31 August 2009			
Opening net book amount	130	661	791
Additions	10	91	101
Depreciation	(19)	(108)	(127)
Closing net book amount	121	644	765
At 31 August 2009			
Cost	157	897	1,054
Accumulated depreciation	(36)	(253)	(289)
Net book amount	121	644	765

13 PROPERTIES UNDER DEVELOPMENT FOR SALE

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Properties under development for sale – located in the PRC			
Land use rights	–	73,854	72,603
Construction in progress	6,908	67,279	203,790
	6,908	141,133	276,393

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	40	485	485
Prepayments	13,000	–	–
Others	9	315	1,356
	13,049	800	1,841

The carrying amounts of other receivables are all denominated in RMB and are neither past due nor impaired. There is no recent history of default with respect to other receivables.

The prepayments of RMB13,000,000 as at 31 December 2007 represent partial payments for acquiring a parcel of land in Tianjin, the PRC (Note 22(a)(ii)).

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivable disclosed above. Tianjin Binhaixinqu does not hold any collateral as security.

15 CASH AND CASH EQUIVALENTS

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	62,355	20,055	39,266
Cash on hand	2	18	9
Cash and cash equivalents	62,357	20,073	39,275
Maximum exposure to credit risk	62,355	20,055	39,266

The carrying amounts of cash and cash equivalents are all denominated in RMB.

16 PAID-IN CAPITAL

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Paid-in capital	10,000	10,000	10,000

Tianjin Binhaixinqu was established in the PRC on 19 July 2007 as a limited liability company with a registered capital of RMB10,000,000. The registered capital was fully paid up on 17 July 2007.

17 BORROWINGS

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Loan from immediate holding company, unsecured	70,000	92,000	–
Current			
Loans from immediate holding company, unsecured	–	–	184,560
Total borrowings	70,000	92,000	184,560

(a) The unsecured loans are of principal amounts of RMB70,000,000, RMB92,000,000 and RMB175,280,000 as at 31 December 2007 and 2008 and 31 August 2009 respectively. The effective interest rates of the borrowings as at 31 December 2007 and 2008 and 31 August 2009 were nil, 6.52% and 11.06% respectively. An amount of RMB70,000,000 as at 31 December 2007, and RMB92,000,000 as at 31 December 2008 and 31 August 2009 is repayable on 30 July 2010. The remaining balance of RMB32,000,000, RMB10,000,000 and RMB41,280,000 as at 31 August 2009 are repayable on 20 April 2010, 19 May 2010 and 18 June 2010 respectively. As at 31 August 2009, interest payable of RMB9,280,000 had no fixed terms of repayment.

(b) The fair values of the borrowings approximate their carrying amounts.

(c) The carrying amounts of the borrowings are all denominated in RMB.

18 TRADE AND OTHER PAYABLES

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Construction cost payables (a)	3,288	18,570	68,477
Accruals and other payables	41	416	41
Government subsidies (b)	–	28,303	55,943
Other deposits received	–	9,720	–
Other tax payables	–	8,629	8,307
	3,329	65,638	132,768

The carrying amounts of trade and other payables are all denominated in RMB.

(a) The aging analysis of construction cost payables of Tianjin Binhaixinqu is as follows:

	As at 31 December		As at 31 August
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
0 – 30 days	3,288	–	24,560
31 – 60 days	–	12,496	13,102
61 – 90 days	–	–	4,880
Over 90 days	–	6,074	25,935
	3,288	18,570	68,477

(b) Government subsidies represent subsidies received from government of approximately RMB36,927,000 and RMB72,870,000, net of tax of RMB8,624,000 and RMB16,927,000 as at 31 December 2008 and 31 August 2009 respectively in relation to the property development in Tanggu District, Tianjin, the PRC. The amount will be recognised as revenue when the properties are completed and sold.

19 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company was unsecured, non-interest bearing and repayable on demand.

20 NOTE TO THE CASH FLOW STATEMENTS

Reconciliation of loss before tax to cash used in operations

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	
			2009	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Loss before tax	(646)	(4,257)	(4,198)	(2,095)
Interest income	(11)	(460)	(78)	(334)
Depreciation	16	146	127	87
Operating loss before working capital changes	(641)	(4,571)	(4,149)	(2,342)
(Increase)/decrease in other assets	(27)	6	3	3
Increase in properties under development for sale	(6,908)	(128,360)	(125,980)	(112,090)
(Increase)/decrease in prepayments and other receivables	(13,049)	12,249	(1,041)	12,474
Increase in trade and other payables	3,329	62,309	67,130	39,647
Increase in amount due to immediate holding company	–	83	(18)	–
Cash used in operations	(17,296)	(58,284)	(64,055)	(62,308)

21 COMMITMENTS

(a) Tianjin Binhaixinqu had capital commitments as follows:

	As at 31 December 2007	As at 31 December 2008	As at 31 August 2009
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
Land cost	59,869	–	–
Property development	6,029	2,053	419,578
	65,898	2,053	419,578

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

	As at 31 December 2007	As at 31 December 2008	As at 31 August 2009
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	573	371	469

22 RELATED PARTY TRANSACTIONS

The directors of Tianjin Binhaixinqu consider the immediate holding company to be Minmetals Real Estate Co., Ltd., a company established in the PRC, and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a company established 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 HKICPA, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government are also defined as related parties of Tianjin Binhaixinqu. 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 Tianjin Binhaixinqu is able to control or exercise significant influence and key management personnel of Tianjin Binhaixinqu and China Minmetals as well as their close family members.

For the purpose of the related party transactions disclosures, Tianjin Binhaixinqu has identified, to the extent practicable, its counterparties 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 privatisation programmes. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

Tianjin Binhaixinqu had the following material transactions and balances with related parties, which ere carried out in the ordinary and normal course of Tianjin Binhaixinqu:

(a) Transactions with related parties

	For the period from 19 July 2007 (date of establishment) to 31 December	For the year ended 31 December	For the eight months ended 31 August	
	2007	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Bank interest income from state-owned banks *(note (i))*	11	460	78	334
Loan interest costs to immediate holding company *(note 8)*	–	5,865	9,280	3,910
Payments to local government in the PRC for settlement of land costs *(note (ii))*	13,000	59,869	–	59,869

(b) **Balances with related parties**

	As at 31 December 2007	As at 31 December 2008	As at 31 August 2009
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits in state-owned banks *(note (i))*	62,355	20,055	39,266
Loans from immediate holding company *(note 17)*	70,000	92,000	184,560
Amount due from immediate holding company *(note 19)*	–	83	65

(c) **Key management compensation**

	For the period from 19 July 2007 (date of establishment) to 31 December 2007	For the year ended 31 December 2008	For the eight months ended 31 August 2009	For the eight months ended 31 August 2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Salaries and short-term employee benefits	152	992	1,528	638
Pension costs – defined contribution plans	–	89	61	68
	152	1,081	1,589	706

Notes:

(i) As China Minmetals is a state-owned enterprise, the PRC government is considered as Tianjin Binhaixinqu'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 Tianjin Binhaixinqu. To balance the cost and benefit in making disclosures, Tianjin Binhaixinqu has only disclosed material transations with such state-controlled enterprises.

(ii) In 2007 and 2008, Tianjin Binhaixinqu entered into the Tianjin State-owned land use right grant contract (天津市國有土地使用權出讓合同) and supplementary contract with Tianjin Tanggu District Land and Resource Administrative Bureau (天津市塘沽區規劃和國土資源局) in respect of a parcel of land in Tanggu District, Tianjin, the PRC (the "Land"). Pursuant to such contracts, the land use rights of the Land shall be granted to Tianjin Binhaixinqu at an aggregate consideration of RMB72,869,000.

An amount of RMB13,000,000, as disclosed in note 14, representing 18% partial payment, was paid in 2007 while the remaining 82% was paid in 2008.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Tianjin Binhaixinqu in respect of any period subsequent to 31 August 2009. No dividend or distribution has been declared, made or paid by Tianjin Binhaixinqu in respect of any period subsequent to 31 August 2009 and up to the date of this report.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

30 November 2009

The Directors
Minmetals Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 湖南中潤城鎮置業有限公司 ("Zhongrun Chengzhen") set out in Sections I to III below, for inclusion in the circular of Minmetals Land Limited (the "Company") dated 30 November 2009 (the "Circular") in connection with the proposed acquisition of the entire effective equity interest of Zhongrun Chengzhen by the Company. The Financial Information comprises the balance sheets of Zhongrun Chengzhen as at 31 December 2006, 2007 and 2008 and 31 August 2009, and the statements of comprehensive income, the statements of changes in equity and the cash flow statements of Zhongrun Chengzhen for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

Zhongrun Chengzhen was established in the People's Republic of China (the "PRC") as a limited liability company on 19 January 2004. It adopts 31 December as its financial year end date.

The financial statements of Zhongrun Chengzhen prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises of the People's Republic of China (the "PRC") for the year ended 31 December 2006 were audited by 湖南三湘聯合會計師事務所有限公司. The financial statements of Zhongrun Chengzhen prepared in accordance with the Accounting Standards for Business Enterprises (2006) of the PRC for the years ended 2007 and 2008 were audited by 天職國際會計師事務所有限公司, and for the eight months ended 31 August 2009 were audited by 普華永道中天會計師事務所有限公司.

For the purpose of this report, the directors of Zhongrun Chengzhen have prepared financial statements of Zhongrun Chengzhen for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKFRS Financial Statements"). The HKFRS Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009 were audited by PricewaterhouseCoopers.

The Financial Information has been prepared based on the HKFRS Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of Zhongrun Chengzhen during the Relevant Periods are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements in accordance with HKFRS issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

For the financial information for the eight months ended 31 August 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the HKFRS Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the eight months ended 31 August 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009, for the purpose of this report, gives a true and fair view of the state of affairs of Zhongrun Chengzhen as at 31 December 2006, 2007 and 2008 and 31 August 2009, and of its results and cash flows for the respective periods then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the eight months ended 31 August 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRS issued by the HKICPA.

I. FINANCIAL INFORMATION OF ZHONGRUN CHENGZHEN

Statements of Comprehensive Income

		For the year ended 31 December			For the eight months ended 31 August	
		2006	2007	2008	2009	2008
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
						(unaudited)
Revenue		–	–	–	–	–
Selling and distribution costs	*6*	–	(664)	(8,981)	(4,152)	(4,969)
Administrative expenses	*6*	(1,819)	(2,881)	(3,098)	(2,046)	(1,380)
Operating loss		(1,819)	(3,545)	(12,079)	(6,198)	(6,349)
Finance income	*8*	–	9	179	16	1
Loss before tax		(1,819)	(3,536)	(11,900)	(6,182)	(6,348)
Income tax credit	*9*	–	–	–	5,320	–
Loss for the year/period		(1,819)	(3,536)	(11,900)	(862)	(6,348)
Other comprehensive expense		–	–	–	–	–
Total comprehensive expense for the year/period		(1,819)	(3,536)	(11,900)	(862)	(6,348)
Attributable to:						
Equity holders of Zhongrun Chengzhen		(1,819)	(3,536)	(11,900)	(862)	(6,348)

Balance Sheets

		As at 31 December			As at 31 August
		2006	**2007**	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*12*	–	44	976	943
Deferred tax assets	*19*	–	–	–	5,320
		–	44	976	6,263
Current assets					
Properties under development for sale	*13*	119,067	154,013	315,111	405,403
Prepayments and other receivables	*14*	–	760	1,912	7,335
Amount due from immediate holding company	*21*	–	37,503	17,741	21,189
Amount due from an intermediate holding company	*21*	–	5,390	8,353	6,644
Restricted cash	*15*	–	9,000	7,663	6,780
Cash and cash equivalents	*16*	–	13,314	390	7,523
		119,067	219,980	351,170	454,874
Total assets		119,067	220,024	352,146	461,137
EQUITY					
Capital and reserves attributable to equity holders of Zhongrun Chengzhen					
Paid-in capital	*17*	10,000	10,000	10,000	10,000
Accumulated losses		(2,982)	(6,518)	(18,418)	(19,280)
Total equity		7,018	3,482	(8,418)	(9,280)

		As at 31 December			As at 31 August
		2006	2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Current liabilities					
Trade and other payables	*20*	112,049	5,890	11,693	30,335
Deferred revenue		–	–	–	42,292
Borrowings	*18*	–	208,432	341,215	389,010
Amounts due to fellow subsidiaries	*21*	–	2,220	7,656	8,780
		112,049	216,542	360,564	470,417
Total liabilities		112,049	216,542	360,564	470,417
Total equity and liabilities		119,067	220,024	352,146	461,137
Net current assets/(liabilities)		7,018	3,438	(9,394)	(15,543)
Total assets less current liabilities		7,018	3,482	(8,418)	(9,280)

Statements of Changes in Equity

	Paid-in capital *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2006	10,000	(1,163)	8,837
Loss for the year	–	(1,819)	(1,819)
At 31 December 2006	10,000	(2,982)	7,018
Loss for the year	–	(3,536)	(3,536)
At 31 December 2007	10,000	(6,518)	3,482
Loss for the year	–	(11,900)	(11,900)
At 31 December 2008	10,000	(18,418)	(8,418)
Loss for the period	–	(862)	(862)
At 31 August 2009	10,000	(19,280)	(9,280)
(unaudited)			
At 1 January 2008	10,000	(6,518)	3,482
Loss for the period	–	(6,348)	(6,348)
At 31 August 2008	10,000	(12,866)	(2,866)

Cash Flow Statements

		For the year ended 31 December			For the eight months ended 31 August	
		2006	2007	2008	2009	2008
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
						(unaudited)
Operating activities						
Cash used in operations	*22*	(391)	(138,582)	(137,197)	(14,649)	(98,524)
Net cash used in operating activities		(391)	(138,582)	(137,197)	(14,649)	(98,524)
Investing activities						
Purchase of property, plant and equipment		–	(51)	(1,104)	(182)	(1,068)
Interest received		–	9	179	16	1
Net cash used in investing activities		–	(42)	(925)	(166)	(1,067)
Financing activities						
New borrowings		–	151,938	125,198	21,948	108,368
Net cash generated from financing activities		–	151,938	125,198	21,948	108,368
(Decrease)/increase in cash and cash equivalents		(391)	13,314	(12,924)	7,133	8,777
Cash and cash equivalents at the beginning of the year/period		391	–	13,314	390	13,314
Cash and cash equivalents at the end of the year/period	*16*	–	13,314	390	7,523	22,091

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

湖南中潤城鎮置業有限公司 ("Zhongrun Chengzhen") is a limited liability company established in The People's Republic of China (the "PRC") on 19 January 2004 with a registered capital of RMB10,000,000. The address of its registered office is Guoyun Village, Muyun Town, Changsha, Hunan Province, the PRC.

The principal activity of Zhongrun Chengzhen is property development in the PRC.

This financial information ("Financial Information") is presented in Renminbi unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of Minmetals Land Limited and have been consistently applied to the Relevant Periods.

(a) Basis of preparation

The Financial Information of Zhongrun Chengzhen has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared under the historical cost convention.

At 31 December 2008 and 31 August 2009, Zhongrun Chengzhen had net current liabilities of RMB9,394,000 and RMB15,543,000 respectively and capital deficiencies of RMB8,418,000 and RMB9,280,000 respectively. The immediate holding company has confirmed that it will provide the necessary financial support to Zhongrun Chengzhen to enable it to meet its liabilities as and when they fall due. Consequently, the financial statements have been prepared on the going concern basis.

New/revised standards, amendments and improvements to existing standards and interpretation relevant to Zhongrun Chengzhen that are not yet effective and have not been early adopted by Zhongrun Chengzhen

HKAS 7 Amendment, "Statement of cash flows" (effective from 1 January 2010). Only expenditures that result in a recognised asset are eligible for classification as investing activities. Zhongrun Chengzhen will apply HKAS 7 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Zhongrun Chengzhen's financial statements.

HKAS 17 Amendment, "Leases" (effective from 1 January 2010). The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on the adoption of the amendment on the basis of information existing at inception of the leases. Zhongrun Chengzhen will apply HKAS 17 amendment from 1 January 2010. The amendment is not expected to have any material impact on Zhongrun Chengzhen's financial statements.

HKFRS 8 Amendment, "Operating segments" (effective from 1 January 2010). Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. Zhongrun Chengzhen will apply HKFRS 8 (amendment) from 1 January 2010. The amendment is not expected to have any material impact on Zhongrun Chengzhen's financial statements.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker has been identified as the board of directors.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of Zhongrun Chengzhen are measured using the currency of the primary economic environment in which Zhongrun Chengzhen operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is Zhongrun Chengzhen'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 profit or loss.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of Zhongrun Chengzhen's activities.

Zhongrun Chengzhen recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Zhongrun Chengzhen and specific criteria have been met for each of Zhongrun Chengzhen's activities as described below. Zhongrun Chengzhen 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 instalments received on properties sold prior to completion of the respective sale agreements are included as deferred revenue under current liabilities.

(ii) Interest income

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

(e) 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 net of any incentives received from the lessor are charged to the profit or loss on a straight-line basis over the period of the lease.

(f) 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 profit or loss in the period in which they are incurred.

(g) 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 Zhongrun Chengzhen 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 profit or loss during the financial period in which they are incurred.

Depreciation of asset 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 improvements	Shorter of the lease and useful lives of 3 years
Furniture, fixtures and equipment	20% – 33%
Motor vehicles	20%

The asset's 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 equipment's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

(h) 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

Zhongrun Chengzhen classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

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.

Purchases and sales of investments are recognised on trade-date, the date on which Zhongrun Chengzhen commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. 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 Zhongrun Chengzhen has transferred substantially all risks and rewards of ownership.

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

Zhongrun Chengzhen assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(j) Properties under development for sale

Properties under development for sale 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 for sale 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.

(k) Other receivables

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 other receivables is established when there is objective evidence that Zhongrun Chengzhen 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 profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit or loss.

(l) 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.

(m) Paid-in capital

Paid-in capital are classified as equity.

(n) 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 profit or loss over the period of the borrowings using the effective interest method.

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

(o) 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 Financial Information. Deferred tax is determined using tax rates and laws that have been enacted or substantively 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.

(p) 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

Employees of Zhongrun Chengzhen's in The PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. Zhongrun Chengzhen's obligation is to make the required contributions under the scheme.

(q) 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.

(r) Provisions and contingent liabilities

Provisions are recognised when Zhongrun Chengzhen 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 Zhongrun Chengzhen. 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 Zhongrun Chengzhen's Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

Zhongrun Chengzhen's activities expose it to credit risk and liquidity risk. These risks are managed by Zhongrun Chengzhen's financial management policies and practices as described below to minimise potential adverse effects on Zhongrun Chengzhen's financial performance.

(a) *Financial instruments by category*

Loans and receivables include other receivables, amounts due from immediate holding company and an intermediate holding company, restricted cash and cash and cash equivalents.

Financial liabilities at amortised cost include trade and other payables, borrowings and amounts due to fellow subsidiaries.

(b) *Credit risk*

Credit risk primarily arises from deposits with banks, which are denominated in RMB. Zhongrun Chengzhen limits its exposure to credit risk by placing deposits only with reputable banks in the PRC.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from its immediate holding company. Management monitors the rolling forecasts of Zhongrun Chengzhen's liquidity reserve on the basis of expected cash flow.

The table below analyses Zhongrun Chengzhen's financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year
	RMB'000
At 31 December 2006	
Trade and other payables	111,304
At 31 December 2007	
Borrowings	211,838
Trade and other payables	5,890
Amounts due to fellow subsidiaries	2,220
	219,948
At 31 December 2008	
Borrowings	356,114
Trade and other payables	7,760
Amounts due to fellow subsidiaries	7,656
	371,530
At 31 August 2009	
Borrowings	396,507
Trade and other payables	22,230
Amounts due to fellow subsidiaries	8,780
	427,517

3.2 Capital risk management

The total equity of Zhongrun Chengzhen represents the capital structure of Zhongrun Chengzhen.

Zhongrun Chengzhen's objectives when managing capital are to safeguard Zhongrun Chengzhen's ability to continue as a going concern in order to provide returns for shareholders. Zhongrun Chengzhen obtains its financial support from its immediate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information 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 Zhongrun Chengzhen's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) Fair value estimation

The carrying values of other receivables, trade and other payables, amounts due from/(to) immediate holding company, an intermediate holding company and fellow subsidiaries approximate their fair values due to their short-term nature and the discounting effect is considered minimal.

5 SEGMENT INFORMATION

No segment analysis is presented as all the operations and assets of Zhongrun Chengzhen are solely relating to property development in the PRC.

6 EXPENSES BY NATURE

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Amortisation of land lease premium	1,074	1,074	1,074	716	716
Less: amount capitalised into properties under development for sale	–	–	(1,074)	(716)	(716)
	1,074	1,074	–	–	–
Depreciation	–	7	166	215	50
Employee benefit expense *(Note 7)*	–	755	1,040	549	694
Selling and distribution costs	–	664	8,981	4,152	4,969
Loss on disposal of property, plant and equipment	–	–	6	–	–
Others	745	1,045	1,886	1,282	636
Total selling and distribution costs and administrative expenses	1,819	3,545	12,079	6,198	6,349

7 EMPLOYEE BENEFIT EXPENSE

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Wages and salaries	105	1,349	1,975	1,377	1,317
Pension costs – defined contribution plans	2	247	427	368	285
	107	1,596	2,402	1,745	1,602
Less: staff cost capitalised in properties under development for sale	(107)	(841)	(1,362)	(1,196)	(908)
	–	755	1,040	549	694

(a) Directors' emoluments

The remuneration of each director of Zhongrun Chengzhen ("Director", collectively "Directors") for the Relevant Periods is set out below:

Name of Director	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Employer's contribution to pension scheme**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2006					
Liu Zeping	–	–	–	–	–
Yang Zhiwei	–	–	–	–	–
Li Yuju	–	–	–	–	–
Zhang Kai	–	–	–	–	–
Xie Shirui	–	–	–	–	–
Ning Weizhi	–	–	–	–	–
Wu Jianguo	–	–	–	–	–
	–	–	–	–	–
For the year ended 31 December 2007					
Liu Zeping	–	–	–	–	–
Yang Zhiwei	–	27	45	11	83
Li Yuju	–	–	–	–	–
Zhang Kai	–	–	–	–	–
Xie Shirui	–	–	–	–	–
Ning Weizhi	–	–	–	–	–
Wu Jianguo	–	–	–	–	–
	–	27	45	11	83

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2008					
Liu Zeping	–	–	–	–	–
Yang Zhiwei	–	40	60	18	118
Li Yuju	–	–	–	–	–
Zhang Kai	–	–	–	–	–
Xie Shirui	–	–	–	–	–
Ning Weizhi	–	–	–	–	–
Wu Jianguo	–	–	–	–	–
	–	40	60	18	118
For the eight months ended 31 August 2009					
Li Yuju	–	–	–	–	–
Zhang Kai	–	–	–	–	–
Xie Shirui	–	–	–	–	–
Ning Weizhi	–	–	–	–	–
Wu Jianguo	–	–	–	–	–
	–	–	–	–	–
(Unaudited) For the eight months ended 31 August 2008					
Liu Zeping	–	–	–	–	–
Yang Zhiwei	–	27	40	12	79
Li Yuju	–	–	–	–	–
Zhang Kai	–	–	–	–	–
Xie Shirui	–	–	–	–	–
Ning Weizhi	–	–	–	–	–
Wu Jianguo	–	–	–	–	–
	–	27	40	12	79

During the Relevant Periods, no Directors waived or agreed to waive any emoluments.

During the Relevant Periods, no emoluments were paid by Zhongrun Chengzhen to the Directors as an inducement to join or as compensation for loss of office.

(b) Five highest-paid individuals

The five highest-paid individuals in Zhongrun Chengzhen during the Relevant Periods include nil directors of Zhongrun Chengzhen for the year ended 31 December 2006 and for the eight months ended 31 August 2009, one director of Zhongrun Chengzhen for the years ended 31 December 2007 and 2008 and the eight months ended 31 August 2008. These Directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining five individuals for the years ended 31 December 2006 and for the eight months ended 31 August 2009, and four individuals for the year ended 31 December 2007 and 2008 and the eight months ended 31 August 2008 are as follows:

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Salaries, allowances and benefits in kind	31	125	195	121	130
Bonuses	–	222	297	161	198
Employer's contributions to pension scheme	2	50	85	52	57
	33	397	577	334	385

The emoluments fell within the following bands:

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008** (unaudited)
RMB nil to RMB881,000	5	4	4	5	4

During the Relevant Periods, no emoluments were paid by Zhongrun Chengzhen to these individuals as an inducement to join or as compensation for loss of office.

8 FINANCE INCOME AND COSTS

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Finance income					
Interest income from bank deposits	–	9	179	16	1
Finance costs					
Loans from immediate holding company					
Wholly repayable within five years	–	(17,145)	(24,714)	(20,767)	(13,950)
Less: amount capitalised into properties under development for sale	–	17,145	24,714	20,767	13,950
	–	–	–	–	–

Borrowing costs were capitalised at rates of 11.78% and 9.54% for the years ended 31 December 2007 and 2008 respectively and 9.69% and 8.61% for the eight months ended 31 August 2008 and 2009 respectively.

9 INCOME TAX CREDIT

No PRC corporate income tax were provided as Zhongrun Chengzhen had no estimated assessable profit for the Relevant Periods.

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Current income tax	–	–	–	–	–
Deferred income tax	–	–	–	5,320	–
	–	–	–	5,320	–

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT law reduces the corporate income tax rate for domestic enterprises from 33% to 25% with effect from 1 January 2008.

The income tax on Zhongrun Chengzhen's loss for the Relevant Periods differ from the theoretical amount that would arise using the tax rate of the PRC as follows:

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Loss before tax	(1,819)	(3,536)	(11,900)	(6,182)	(6,349)
Calculated at the applicable tax rate	(600)	(1,167)	(2,975)	(1,545)	(1,587)
Expenses not deductible for tax purpose	354	354	2	–	2
Unrecognised tax losses	246	813	2,973	–	1,585
Recognition of previously unrecognised tax losses	–	–	–	(3,775)	–
	–	–	–	(5,320)	–

10 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful as Zhongrun Chengzhen has registered capital only.

11 DIVIDENDS

The Directors do not recommend the payment of a dividend for the Relevant Periods.

12 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
At 1 January 2006 and 31 December 2006				
Cost	–	–	–	–
Accumulated depreciation	–	–	–	–
Net book amount	–	–	–	–
Year ended 31 December 2007				
Opening net book amount	–	–	–	–
Additions	–	51	–	51
Depreciation	–	(7)	–	(7)
Closing net book amount	–	44	–	44
At 31 December 2007				
Cost	–	51	–	51
Accumulated depreciation	–	(7)	–	(7)
Net book amount	–	44	–	44
Year ended 31 December 2008				
Opening net book amount	–	44	–	44
Additions	744	360	–	1,104
Disposals	–	(6)	–	(6)
Depreciation	(124)	(42)	–	(166)
Closing net book amount	620	356	–	976
At 31 December 2008				
Cost	744	402	–	1,146
Accumulated depreciation	(124)	(46)	–	(170)
Net book amount	620	356	–	976
Eight months ended 31 August 2009				
Opening net book amount	620	356	–	976
Additions	–	40	142	182
Depreciation	(165)	(43)	(7)	(215)
Closing net book amount	455	353	135	943
At 31 August 2009				
Cost	744	442	142	1,328
Accumulated depreciation	(289)	(89)	(7)	(385)
Net book amount	455	353	135	943

13 PROPERTIES UNDER DEVELOPMENT FOR SALE

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development for sale – located in the PRC				
Land use rights	105,866	104,792	103,718	103,002
Construction in progress	13,201	49,221	211,393	302,401
	119,067	154,013	315,111	405,403

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits	–	298	315	254
Prepayments	–	438	959	5,699
Others	–	24	638	1,382
	–	760	1,912	7,335

The carrying amounts of other receivables are all denominated in RMB and are neither past due nor impaired. There is no recent history of default with respect to other receivables.

As at 31 December 2008 and 31 August 2009, prepayments include prepaid taxes and other charges of approximately RMB178,000 and RMB3,104,000 in relation to the deferred revenue received respectively.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivable disclosed above. Zhongrun Chengzhen does not hold any collateral as security.

15 RESTRICTED CASH

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash	–	9,000	7,663	6,780
Maximum exposure to credit risk	–	9,000	7,663	6,780

The carrying amounts of restricted cash are all denominated in RMB.

The restricted cash represents performance deposits placed in banks. As at 31 December 2007 and 2008 and 31 August 2009, the restricted cash carried interest rates of 0.81%, 0.36% and 0.36% per annum respectively.

16 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 August
	2006	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	–	13,198	359	7,432
Cash on hand	–	116	31	91
Cash and bank deposits	–	13,314	390	7,523
Maximum exposure to credit risk	–	13,198	359	7,432

The carrying amounts of cash and cash equivalents are all denominated in RMB.

17 PAID-IN CAPITAL

	As at 31 December			As at 31 August
	2006	2007	2008	2009
	Amount	Amount	Amount	Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Paid-in capital	10,000	10,000	10,000	10,000

Zhongrun Chengzhen was established in the PRC on 19 January 2004 as a limited liability company with a registered capital of RMB10,000,000. The registered capital was fully paid up on 16 January 2004.

18 BORROWINGS

	As at 31 December			As at 31 August
	2006	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from immediate holding company	–	208,432	341,215	389,010

(a) As at 31 December 2007, the loans from immediate holding company with principal amount of RMB208,000,000 were repayable on 20 April 2008. As at 31 December 2008 out of the principal amount of RMB324,290,000, an amount of RMB122,850,000 and RMB201,440,000 are repayable on 20 March 2009 and 20 September 2009 respectively. As at 31 August 2009, out of the principal amount of RMB367,130,000, an amount of RMB201,440,000, RMB10,000,000, RMB23,840,000 and RMB131,850,000 are repayable on 20 September 2009, 20 December 2009, 31 December 2009 and 20 March 2010 respectively. The interest payable of RMB432,000, RMB16,925,000 and RMB21,880,000 as at 31 December 2007, 2008 and 31 August 2009 respectively had no fixed terms of repayment.

(b) All the borrowings are unsecured and the principal amounts are on a fixed interest rate basis as following:

	Principal amount	Interest rate
	RMB'000	*%*
As at 31 December 2007	208,000	7.47
As at 31 December 2008	122,850	12.80
	201,440	7.92
	324,290	
As at 31 August 2009	367,130	7.92

The fair values of the borrowings approximate their carrying amounts.

(c) The carrying amounts of the borrowings are all denominated in RMB.

19 DEFERRED TAX

Movements of deferred tax assets are as follows:

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses				
At beginning of the year/period	–	–	–	–
Recognised in the profit or loss	–	–	–	5,320
At end of the year	–	–	–	5,320

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2006, 2007 and 2008, Zhongrun Chengzhen had unrecognised tax losses in the PRC of approximately RMB745,000, RMB3,209,000 and RMB15,101,000 respectively. These tax losses will expire in 2012 and 2013.

20 TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land cost payable	35,237	–	–	–
Construction cost payables	–	4,915	6,300	18,429
Accruals and other payables	76,067	4	190	2,309
Pre-sale deposits	–	–	2,730	5,000
Other deposits received	–	971	1,270	1,492
Other tax payables	745	–	1,203	3,105
	112,049	5,890	11,693	30,335

The carrying amounts of trade and other payables are all denominated in RMB.

The aging analysis of construction cost payables of Zhongrun Chengzhen is as follows:

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 30 days	–	4,915	6,300	18,429

As at 31 December 2006, accruals and other payables include amount payable to previous shareholders of approximately RMB76,067,000.

21 AMOUNTS DUE FROM/TO IMMEDIATE HOLDING COMPANY, AN INTERMEDIATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

The amounts due from/to immediate holding company, an intermediate holding company and fellow subsidiaries were unsecured, non-interest bearing and repayable on demand.

There is no recent history of default with respect to amounts receivable from immediate holding company and an intermediate holding company.

22 NOTE TO THE CASH FLOW STATEMENTS

Reconciliation of loss before tax to cash used in operations

	For the year ended 31 December			For the eight months ended 31 August	
	2006	2007	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Loss before tax	(1,819)	(3,536)	(11,900)	(6,182)	(6,348)
Interest income	–	(9)	(179)	(16)	(1)
Depreciation	–	7	166	215	50
Amortisation of land use right	1,074	1,074	–	–	–
Loss on disposal of property, plant and equipment	–	–	6	–	–
Operating loss before working capital changes	(745)	(2,464)	(11,907)	(5,983)	(6,299)
Increase in properties under development for sale	(34,348)	(18,875)	(136,384)	(69,525)	(64,256)
Increase in prepayments and other receivables	–	(760)	(1,152)	(5,423)	(1,953)
(Increase)/decrease in restricted cash	–	(9,000)	1,337	883	–
Increase/(decrease) in trade and other payables	46,063	(106,159)	5,803	18,642	(4,538)
Increase in deferred revenue	–	–	–	42,292	–
Increase in amount due to immediate holding company	–	1,846	2,633	1,632	1,755
(Increase)/decrease in amounts due from an intermediate holding company	–	(5,390)	(2,963)	1,709	(21,013)
(Decrease)/increase in amounts due to fellow subsidiaries	(11,361)	2,220	5,436	1,124	(2,220)
Cash used in operations	(391)	(138,582)	(137,197)	(14,649)	(98,524)

23 COMMITMENTS

(a) Zhongrun Chengzhen had capital commitments as follows:

	As at 31 December			As at 31 August
	2006	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for Property development	–	129,816	112,989	65,127

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

	As at 31 December			As at 31 August
	2006	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Not later than one year	–	481	481	–

24 RELATED PARTY TRANSACTIONS

The directors of Zhongrun Chengzhen consider the immediate holding company to be 湖南嘉盛房地產開發有限責任公司 a company established in the PRC, the intermediate holding company to be Ershisanye Construction Group Co. Ltd., a company established in the PRC, and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a company established 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 HKICPA, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are also defined as related parties of Zhongrun Chengzhen. 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 Zhongrun Chengzhen is able to control or exercise significant influence and key management personnel of Zhongrun Chengzhen and China Minmetals as well as their close family members.

For the purpose of the related party transactions disclosures, Zhongrun Chengzhen has identified, to the extent practicable, its counterparties 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 privatisation programmes. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

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

(a) Transactions with related parties

	For the year ended 31 December			**For the eight months ended 31 August**	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Bank interest income from state-owned banks *(note (i))*	–	9	179	16	1
Construction costs to fellow subsidiaries for a property development project *(note (ii))*	–	3,288	54,554	36,464	18,070
Provision of staff from immediate holding company for a property development project	–	2,056	3,198	2,211	2,132
Property management services from a fellow subsidiary for a property development project	–	–	–	187	–
Loan interest costs to immediate holding company *(note 8)*	–	17,145	24,714	20,767	13,950
Payments to local government in the PRC for settlement of land costs *(note (iii))*	8,930	35,237	–	–	–

(b) Balances with related parties

	As at 31 December			As at 31 August
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank deposits in state-owned banks *(note (i))*	–	13,198	359	7,432
Contract payable to fellow subsidiaries for a property development project *(note(ii) and note 21)*	–	2,220	7,656	8,780
Amount due from immediate holding company *(note 21)*	–	37,503	17,741	21,189
Amount due from an intermediate holding company *(note 21)*	–	5,390	8,353	6,644
Loans from immediate holding company *(note 18)*	–	208,432	341,215	389,010

(c) Key management compensation

	For the year ended 31 December			For the eight months ended 31 August	
	2006	**2007**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Salaries and short-term employee benefits	–	415	397	218	265
Pension costs – defined contribution plans	–	59	70	40	47
	–	474	467	258	312

Notes:

(i) As China Minmetals is a state-owned enterprise, the PRC government is considered as Zhongrun Chengzhen'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 Zhongrun Chengzhen. To balance the cost and benefit in making disclosures, Zhongrun Chengzhen has only disclosed material transactions with such state-controlled enterprises.

(ii) Construction contracts were entered into between Zhongrun Chengzhen and its fellow subsidiaries for the construction of the properties under development for sale.

(iii) On 11 November 2004 and 13 December 2004, Zhongrun Chengzhen entered into State-owned land use right grant contract (國有土地使用權出讓合同) and agreement of land supply (供用地協議) respectively with the Changsha Land and Resource Administration Bureau (長沙國土資源規劃局) in respect of a parcel of land in Changsha, the PRC (the "Land"). Pursuant to such contracts, the land premium and the land use rights of the Land shall be granted to Zhongrun Chengzhen for an aggregate consideration of RMB75,170,000.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Zhongrun Chengzhen in respect of any period subsequent to 31 August 2009. No dividend or distribution has been declared, made or paid by Zhongrun Chengzhen in respect of any period subsequent to 31 August 2009 and up to the date of this report.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

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 and for the six months ended 30 June 2008 and 2009, as extracted from the relevant interim reports of the Company. 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 and the period ended 30 June 2008 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			For the six months ended	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(restated)	(restated)		(unaudited) (restated)	(unaudited)
Revenue	238,154	365,314	1,166,307	98,035	378,053
Operating profit	101,404	151,420	182,894	8,708	41,539
Finance income	1,491	8,580	17,238	10,825	6,576
Finance costs	(928)	(1,561)	(400)	(310)	(156)
Profit before tax	101,967	158,439	199,732	19,223	47,959
Tax charge	(138)	(229)	(70,948)	(18)	(1,931)
Profit for the year/period from continuing operations	101,829	158,210	128,784	19,205	46,028
Profit/(loss) for the year/period from discontinued operations	4,016	1,288	(475)	2,738	–
Profit for the year/period	105,845	159,498	128,309	21,943	46,028
Profit attributable to:					
Equity holders of the Company	105,845	162,653	140,864	27,169	40,961
Minority interests	–	(3,155)	(12,555)	(5,226)	5,067
	105,845	159,498	128,309	21,943	46,028

Financial Position

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Non-current assets	329,538	370,503	984,641	1,006,899
Current assets	945,628	2,390,263	2,137,551	3,518,525
Total assets	1,275,166	2,760,766	3,122,192	4,525,424
Capital and reserves attributable to equity holders of the Company	817,829	878,090	1,582,060	2,158,529
Minority interests	–	195,246	194,918	214,253
Total equity	817,829	1,073,336	1,776,978	2,372,782
Non-current liabilities	105,866	213,345	18,228	554,048
Current liabilities	351,471	1,474,085	1,326,986	1,598,594
Total liabilities	457,337	1,687,430	1,345,214	2,152,642
Total equity and liabilities	1,275,166	2,760,766	3,122,192	4,525,424

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 *HK$'000*	2007 *HK$'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 *HK$'000*	2007 *HK$'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$'000*	Leasehold improve-ments *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Year ended 31 December 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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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 *HK$'000*	2007 *HK$'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 *HK$'000*	2007 *HK$'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 *HK$'000*	2007 *HK$'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 *HK$'000*	2007 *HK$'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		2007	
	No. of shares *('000)*	Amount *HK$'000*	No. of shares *('000)*	Amount *HK$'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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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 *HK$'000*	**2007** *HK$'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.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2009

The following information is extracted from the unaudited consolidated financial information of the Group as set out in the interim report of the Company for the period ended 30 June 2009:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Note	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	*3*	378,053	98,035
Cost of sales	*4*	(322,367)	(83,164)
Gross profit		55,686	14,871
Other gains		2,087	145
Selling and distribution costs	*4*	(5,179)	(8,569)
Administrative expenses	*4*	(31,055)	(12,739)
Revaluation gain on investment properties	*8(a)*	20,000	15,000
Operating profit		41,539	8,708
Finance income		6,576	10,825
Finance costs		(156)	(310)
Profit before tax		47,959	19,223
Tax charge	*5*	(1,931)	(18)
Profit for the period from continuing operations		46,028	19,205
Profit for the period from discontinued operations		–	2,738
Profit for the period		46,028	21,943
Attributable to:			
Equity holders of the Company		40,961	27,169
Minority interests		5,067	(5,226)
		46,028	21,943

		Unaudited Six months ended 30 June	
		2009	**2008**
	Note	*HK$'000*	*HK$'000*
Earnings per share for profit attributable to equity holders of the Company during the period			
(expressed in HK cents per share)			
Basic and diluted			
– from continuing operations	*6*	3.67	3.16
– from discontinued operations	*6*	–	0.35
		3.67	3.51
Dividends	*7*	–	–

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2009

	Note	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	77,549	77,679
Investment properties	8	917,959	897,959
Goodwill	8	11,391	9,003
		1,006,899	984,641
Current assets			
Inventories	9	2,156,552	1,234,937
Trade and other receivables	10	231,018	251,438
Gross amounts due from customers for contract work		741	328
Current tax recoverable		707	707
Restricted cash and pledged deposits		11,939	14,288
Cash and bank deposits		1,117,568	635,853
		3,518,525	2,137,551
Total assets		4,525,424	3,122,192
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	167,075	111,383
Reserves	12	1,991,454	1,470,677
		2,158,529	1,582,060
Minority interests		214,253	194,918
Total equity		2,372,782	1,776,978

	Note	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	540,220	–
Deferred tax liabilities		7,285	7,069
Other liabilities		6,543	11,159
		554,048	18,228
Current liabilities			
Trade and other payables	14	484,540	449,322
Deferred revenue		10,620	194,995
Current tax payable		43,882	43,535
Borrowings	13	1,059,552	639,134
		1,598,594	1,326,986
Total liabilities		2,152,642	1,345,214
Total equity and liabilities		4,525,424	3,122,192
Net current assets		1,919,931	810,565
Total assets less current liabilities		2,926,830	1,795,206

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited	
	30 June 2009	**30 June 2008**
	HK$'000	*HK$'000*
Profit for the period	46,028	21,943
Other comprehensive income		
Currency translation differences	14,081	41,107
Total comprehensive income for the period	60,109	63,050
Attributable to:		
Equity holders of the Company	52,170	53,803
Minority interests	7,939	9,247
	60,109	63,050

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital	Reserves	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 January 2008	77,383	800,707	878,090	195,246	1,073,336
Total comprehensive income for the period	–	53,803	53,803	9,247	63,050
Balance as at 30 June 2008	77,383	854,510	931,893	204,493	1,136,386
Balance as at 1 January 2009	111,383	1,470,677	1,582,060	194,918	1,776,978
Issue of shares on rights issue	55,692	467,809	523,501	–	523,501
Acquisition of a subsidiary	–	–	–	11,396	11,396
Employee share option benefits	–	798	798	–	798
Total comprehensive income for the period	–	52,170	52,170	7,939	60,109
Balance as at 30 June 2009	167,075	1,991,454	2,158,529	214,253	2,372,782

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Unaudited Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	9,956	(11,537)
Net cash (used in)/generated from investing activities	(491,985)	6,927
Net cash generated from/(used in) financing activities	963,744	(9,160)
Net increase/(decrease) in cash and cash equivalents	481,715	(13,770)
Cash and cash equivalents at beginning of the period	635,853	796,683
Cash and cash equivalents at end of the period	1,117,568	782,913
Analysis of balances of cash and cash equivalents		
Cash and bank deposits	1,117,568	783,143
Bank overdrafts	–	(230)
	1,117,568	782,913

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 and property investment. 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.

This condensed consolidated financial information is presented in thousands of units of Hong Kong dollars ("HK$'000"), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the Board of Directors of the Company on 24 September 2009.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. It should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2008, except for the adoption of the following new and revised standards which are mandatory for the first time for the financial year beginning 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

HKAS 1 (Revised) prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement. The Group has presented two performance statements, the income statement and the statement of comprehensive income, which are prepared under the revised disclosure requirements.

HKAS 23 (Revised) 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 is removed. The adoption of this revised standard did not have any material impact on the Group's financial information.

HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this new standard did not have any material impact on the Group's financial information.

3. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal financial reports in order to assess performance and allocate resources. The Board of Directors has determined the operating segments based on these reports as follows:

Real estate development and project management:	Development of residential and commercial properties, as well as provision of construction project management services in the PRC
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and fire-proof materials in Hong Kong and the PRC
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in the properties' values in the long term in Hong Kong
Manufacturing and trading (Discontinued in 2008):	Manufacturing and trading of lubricant oil, industrial tools and chemical products in Hong Kong and the PRC

	Continuing operations								Discontinued operations	
	Real estate development and project management		Specialised construction		Property investment		Total		Manufacturing and trading	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June (unaudited)										
REVENUE										
Sales to external customers	273,572	557	81,049	87,048	23,432	10,430	378,053	98,035	–	37,046
RESULTS										
Segment results	13,753	(18,355)	4,636	1,354	41,158	24,069	59,547	7,068	–	2,049
Unallocated (costs)/profit, net							(18,008)	1,640	–	–
Operating profit							41,539	8,708	–	2,049
Finance income							6,576	10,825	–	–
Finance costs							(156)	(310)	–	(8)
Tax (charge)/credit							(1,931)	(18)	–	697
Profit for the period							46,028	19,205	–	2,738
Other segment information										
Depreciation	328	405	282	266	579	73	1,189	744	–	281

Unallocated (costs)/profit, net represent corporate expenses and losses net of corporate income and gains such as net foreign exchange gain of HK$2.0 million (30 June 2008: HK$18.5 million).

4. EXPENSES BY NATURE

	Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Amortisation of land lease premium	13,419	7,132
Less: Amount capitalised into properties under development	(13,213)	(7,132)
	206	–
Depreciation	1,921	1,160
Operating lease charges – minimum lease payment in respect of land and buildings	2,330	3,598
Cost of inventories sold	241,859	–
Net foreign exchange gain	(1,975)	(18,468)
Employee benefit expense, including Directors' emoluments	21,879	19,459
Reversal of provision for impairment of receivables	(6,335)	–
Direct outgoings arising from investment properties that generated rental income	3,801	1,244
Specialised construction costs	76,707	81,746
Selling and distribution costs	5,179	8,569
Legal and professional fees	2,319	2,474
Project management costs	–	174
Others	10,710	4,516
Total of cost of sales, selling and distribution costs and administrative expenses	358,601	104,472

5. TAX CHARGE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the period (30 June 2008: Nil).

Corporate income tax has been calculated on the estimated assessable profit for the period derived in the PRC at the rate of 25% (30 June 2008: 15%).

	Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Current tax – PRC corporate income tax		
Provision for the period	1,715	18
Deferred tax		
Recognition of temporary differences	216	–
Tax charge	1,931	18

6. EARNINGS PER SHARE

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

The basic and diluted earnings per share are the same since there are no potential dilutive shares for the period (30 June 2008: Nil). The Company's outstanding share options did not have a dilutive effect on the earnings per share.

	Six months ended 30 June	
	2009	**2008**
Weighted average number of ordinary shares in issue (thousands)	1,116,909	773,832
Profit from continuing operations attributable to equity holders (HK$'000)	40,961	24,431
Earnings per share from continuing operations (HK cents)	3.67	3.16
Profit from discontinued operations attributable to equity holders (HK$'000)	–	2,738
Earnings per share from discontinued operations (HK cents)	–	0.35

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (30 June 2008: Nil).

8. CAPITAL EXPENDITURE

	Property, plant and equipment *HK$'000*	**Investment properties** *HK$'000*	**Goodwill** *HK$'000*
Six months ended 30 June 2009			
Opening net book amount as at 1 January 2009	77,679	897,959	9,003
Additions	1,643	–	2,293
Revaluation gain (a)	–	20,000	–
Depreciation	(1,921)	–	–
Exchange differences	148	–	95
Closing net book amount as at 30 June 2009	77,549	917,959	11,391

(a) The Group has estimated the fair values of investment properties as at 30 June 2009 with reference to the current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. A revaluation gain of HK$20,000,000 (2008: HK$15,000,000) was recognised during the period.

9. INVENTORIES

	30 June 2009 HK$'000	31 December 2008 HK$'000
Raw materials	–	1,480
Completed properties for sale – located in the PRC	92,890	15,934
Properties under development-located in the PRC (a)	2,063,662	1,217,523
	2,156,552	1,234,937

(a) Properties under development

	30 June 2009 HK$'000	31 December 2008 HK$'000
Land costs	1,638,348	731,673
Construction in progress	425,314	485,850
	2,063,662	1,217,523

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade and contract receivables of which the aging analysis is as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
0 – 30 days	15,757	39,899
31 – 60 days	9,751	31,811
61 – 90 days	24,682	25,525
Over 90 days	110,052	73,773
	160,242	171,008
Less: provision for impairment of receivables	(1,208)	(1,196)
	159,034	169,812

For the period ended 30 June 2009, no credit period is granted by the Group to the customers for contract receivables. A credit period of 30 days to 60 days from the date of invoice was granted to customers for trade receivables.

11. SHARE CAPITAL

	Six months ended 30 June 2009		Year ended 31 December 2008	
	Number of shares	**Amount**	**Number of shares**	**Amount**
	('000)	*HK$'000*	*('000)*	*HK$'000*
Authorised (ordinary shares of HK$0.1 each)				
Balance at beginning and end of period/year	2,000,000	200,000	2,000,000	200,000
Issued and fully paid (ordinary shares of HK$0.1 each)				
Balance at beginning of period/year	1,113,832	111,383	773,832	77,383
Issue of shares as consideration for acquisition of a subsidiary (b)	–	–	340,000	34,000
Issue of shares on rights issue (c)	556,916	55,692	–	–
Balance at end of period/year	1,670,748	167,075	1,113,832	111,383

(a) Movements in the share options are as follows:

	Number of share options	
	Six months ended 30 June 2009	**Year ended 31 December 2008**
	('000)	*('000)*
Balance at beginning of period/year	13,630	–
Granted	–	13,630
Adjusted	1,817	–
Balance at end of period/year	15,447	13,630

(b) During the year ended 31 December 2008, 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.

(c) On 30 June 2009, the Company completed a rights issue on the basis of one rights share for every two shares held at HK$0.94 per share. As a result, 556,915,891 ordinary shares of HK$0.1 each were allotted and issued.

12. RESERVES

	Share premium	Contributed surplus	Capital redemption reserve	Employee share-based compensation reserve	Exchange reserve	Revaluation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 January 2008	410,942	600,412	769	–	23,713	–	(235,129)	800,707
Currency translation adjustments	–	–	–	–	26,634	–	–	26,634
Profit for the period	–	–	–	–	–	–	27,169	27,169
Balance as at 30 June 2008	410,942	600,412	769	–	50,347	–	(207,960)	854,510
Balance as at 1 January 2009	914,142	600,412	769	133	48,172	1,314	(94,265)	1,470,677
Issue of shares on rights issue	467,809	–	–	–	–	–	–	467,809
Employee share option benefits	–	–	–	798	–	–	–	798
Currency translation adjustments	–	–	–	–	11,209	–	–	11,209
Profit for the period	–	–	–	–	–	–	40,961	40,961
Balance as at 30 June 2009	1,381,951	600,412	769	931	59,381	1,314	(53,304)	1,991,454

13. BORROWINGS

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
Non-current		
Bank loans, secured	540,220	–
Current		
Bank loans, secured	267,655	259,222
Loans from a fellow subsidiary, secured	171,301	169,711
Loans from minority investors of subsidiaries, unsecured	620,596	210,201
	1,059,552	639,134
Total borrowings	1,599,772	639,134

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade, bills and contract payables of which the aging analysis is as follows:

	30 June 2009 *HK$'000*	31 December 2008 *HK$'000*
0 – 30 days	4,999	29,222
31 – 60 days	5,627	18,116
61 – 90 days	9,738	21,280
Over 90 days	84,594	65,715
	104,958	134,333

15. CAPITAL COMMITMENTS

	30 June 2009 *HK$'000*	31 December 2008 *HK$'000*
Contracted but not provided for in relation to		
Property development	384,730	289,816
Capital commitment in a new property development company	–	514,101
Others	187	187
	384,917	804,104

16. FINANCIAL GUARANTEES

As at 30 June 2009, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK$418,395,000 (2008: HK$422,249,000).

17. ACQUISITION OF SUBSIDIARIES

On 21 April 2009, the Group together with a minority investor, acquired 50.89% and 47.99% equity interest in Minmetals Property Development Nanjing Co. Ltd ("MPDNC") respectively. MPDNC is principally engaged in property development in the PRC and it contributed revenue of HK$nil and net loss of HK$3,341,000 to the Group for the period from 21 April 2009 to 30 June 2009. If the acquisition had occurred on 1 January 2009, the Group's revenue would have been increased by HK$nil and profit for the period would have decreased by HK$3,691,000. These amounts have been calculated using the accounting policies of the Group.

	As at 21 April 2009
	HK$'000
Net assets acquired as of the acquisition date	
Inventories	1,023,063
Trade and other receivables	106
Cash and bank deposits	6,567
Trade and other payables	(542)
Shareholder's loan	(1,020,144)
	9,050
Capital contributions from:	
– the Group	516,606
– the minority investor	487,111
	1,012,767
Share of 98.88% net assets acquired by the Group and the minority investor after the capital contributions	1,001,424
Capital contributions from:	
– the Group	516,606
– the minority investor	487,111
	1,003,717
Goodwill arising from the acquisition	2,293

The fair values of all assets and liabilities acquired as of the acquisition date, 21 April 2009, approximate their carrying amounts.

Analysis of the net cash inflow in respect of the acquisition:

	For the period ended 30 June 2009
	HK$'000
Cash and bank deposits acquired	6,567
Add: Capital contribution by the minority investor	487,111
Net cash inflow in respect of the acquisition of subsidiaries	493,678

18. 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.

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

	Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Construction project management service revenue from a fellow subsidiary (i)	–	(557)
Specialised construction revenue from related companies (ii)	(21,400)	(26,732)
Construction costs to related companies for real estate development projects (ii)	–	89,669
Construction costs to a fellow subsidiary for real estate development projects (iii)	30,269	26,264
Rental expenses and license fees to fellow subsidiaries (iv)	–	1,273
Rental income from fellow subsidiaries (iv)	(3,065)	–
Loan interest expenses to a minority investor of a subsidiary (v)	5,765	7,965
Loan interest expenses to a fellow subsidiary (vi)	6,259	3,238
Interest income from state-owned banks (ii)	(6,557)	(10,491)
Interest expenses to state-owned banks (ii)	8,448	8,468
Interest expenses to a fellow subsidiary (vii)	–	615

(b) Balances with related parties

	30 June	**31 December**
	2009	**2008**
	HK$'000	*HK$'000*
Contract and other receivables from related companies for specialised construction contracts (ii)	66,307	71,009
Prepaid construction costs to a fellow subsidiary for real estate development projects (iii)	31,305	–
Contract payable to a fellow subsidiary for real estate development projects (iii)	(12,557)	(21,469)
Contract payable to related companies for real estate development projects (ii)	–	(59,958)
Loans from minority investors of subsidiaries (v)	(620,596)	(210,201)
Short-term loans from a fellow subsidiary (vi)	(171,301)	(169,711)
Amounts due to minority investors of subsidiaries (viii)	(99,184)	(11,130)
Bank borrowings from state-owned banks (ii)	(814,125)	(251,658)
Bank deposits in state-owned banks (ii)	991,621	638,471

(c) Key management compensation

	Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Salaries and short-term employee benefits	3,754	3,317
Pension costs-defined contribution plans	138	30
	3,892	3,347

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.

(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 entered into between subsidiaries and a fellow subsidiary of the Company have been published in the Company's announcement dated 31 July 2007 and 30 September 2008.

(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.

(v) The unsecured loan of HK$212,212,000 from a minority investor, an indirect subsidiary of China Minmetals bears interest at the floating rate for Renminbi 1-3 years term loans per annum as quoted by The People's Bank of China from time to time, and is repayable on 12 November 2009. The remaining balance of HK$408,384,000 was unsecured, non-interest bearing and with no fixed repayment terms.

(vi) The short-term loans from a fellow subsidiary are repayable within one year, secured by the corporate guarantee from Minmetals HK and bear interest at a rate of 7.2765% per annum. For the period ended 30 June 2008, the loan interest was charged at a rate of 7.029% per annum.

(vii) The amount due to a fellow subsidiary bore interest at the floating rate of 90% of the rate for Renminbi short-term loans per annum as quoted by The People's Bank of China from time to time, was unsecured and repaid in 2008. The transaction constituted a connected transaction as defined in the Listing Rules.

(viii) The amounts due to minority investors of subsidiaries of the Company, is unsecured and payable on demand.

19. EVENTS AFTER BALANCE SHEET DATE

(i) The Company completed the placing of existing shares and the subscription of new shares on 18 August 2009 and 26 August 2009 respectively. An aggregate of 222,000,000 existing shares were placed and an aggregate of 222,000,000 new shares were allotted and issued with a net proceed of approximately HK$453,000,000.

(ii) On 4 September 2009, the Group completed the acquisition of Luck Achieve Limited, details of the transaction were set out in the circular of the Company dated 12 August 2009.

INTRODUCTION

On 21 April 2009, the Group has acquired an effective equity interest of 50.89% in Nanjing JV, which is a joint venture formed with ASPF Theta GmbH and Minmetals Investment & Development Co., Ltd. Nanjing JV is principally engaged in real estate development in the PRC. The Group's total capital commitment in cash to Nanjing JV amounted to RMB555.4 million comprising capital contribution of RMB455.4 million and a secured interest-bearing loan of not more than RMB100 million to Nanjing JV through an entrusted loan arrangement.

As the acquisition of Nanjing JV was completed on 21 April 2009, the assets and liabilities of Nanjing JV were therefore not incorporated into the Group's consolidated balance sheet as at 31 December 2008. Operating results of Nanjing JV will be taken up by the Group after 21 April 2009.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors have not been varied in consequence of such acquisition.

A. FINANCIAL INFORMATION OF NANJING JV

The following is the financial information of Nanjing JV for the period from 7 August 2008 (date of establishment) to 2 September 2008, as extracted from the accountant's report on the financial information of Nanjing JV included in the circular to the Shareholders dated 14 November 2008, which is not subject to any qualified opinion.

I. FINANCIAL INFORMATION

INCOME STATEMENT

	For the period from 7 August 2008 (date of establishment) to 2 September 2008
	RMB'000
Revenue	–
Administrative expenses	(130)
Operating loss	(130)
Interest income	4
Loss for the period	(126)
Attributable to:	
Equity holders of Nanjing JV	(126)

BALANCE SHEET

	Note	As at 2 September 2008 *RMB'000*
ASSETS		
Current assets		
Prepayments	*7*	415,267
Cash and cash equivalents	*8*	9,993
Total assets		425,260
EQUITY		
Capital and reserves attributable to equity holders of Nanjing JV		
Paid-in capital	*9*	10,000
Accumulated loss		(126)
Total equity		9,874
LIABILITIES		
Current liabilities		
Amount due to immediate holding company	*10*	415,000
Amount due to a fellow subsidiary	*10*	386
Total liabilities		415,386
Total equity and liabilities		425,260
Net current assets		9,874
Total assets less current liabilities		9,874

STATEMENT OF CHANGES IN EQUITY

	For the period from 7 August 2008 (date of establishment) to 2 September 2008		
	Paid-in capital	**Accumulated loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Issue of capital	10,000	–	10,000
Loss for the period	–	(126)	(126)
As at 2 September 2008	10,000	(126)	9,874

CASH FLOW STATEMENT

	Note	For the period from 7 August 2008 (date of establishment) to 2 September 2008
	Note	*RMB'000*
Operating activities		
Loss for the period		(126)
Interest income		(4)
Operating loss before working capital changes		(130)
Increase in prepayments		(415,267)
Increase in amount due to a fellow subsidiary		386
Net cash used in operating activities		(415,011)
Investing activity		
Interest received		4
Net cash generated from investing activity		4
Financing activities		
Increase in amount due to immediate holding company		415,000
Proceeds from issue of capital		10,000
Net cash generated from financing activities		425,000
Increase in cash and cash equivalents		9,993
Cash and cash equivalents as at 7 August 2008 (date of establishment)		–
Cash and cash equivalents as at 2 September 2008	*8*	9,993

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

Minmetals Property Development Nanjing Co., Ltd. (the "Nanjing JV") is a limited liability company established in The People's Republic of China (the "PRC") on 7 August 2008 with a registered capital of RMB10,000,000. The address of its registered office is 南京市建鄴區興隆大街188號2–24室.

The principal activity of Nanjing JV is property development in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of Minmetals Land Limited and have been consistently applied to the Period presented.

(a) Basis of preparation

The Financial Information of Nanjing JV has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The Financial Information has been prepared under the historical cost convention.

(i) New/revised standards and amendment to existing standard relevant to Nanjing JV that are not yet effective and have not been early adopted by Nanjing JV

The following new/revised standards are mandatory for accounting periods beginning on or after 1 January 2009 but have not been early adopted by Nanjing JV:

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. Nanjing JV 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. Nanjing JV will apply HKAS 23 (Revised) from 1 January 2009. It is not expected to have a material impact on Nanjing JV's Financial Information.

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. Nanjing JV will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

(b) Segment reporting

A business segment is a group of assets and operations 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.

(c) Functional and presentation currency

The Financial Information is presented in Renminbi ("RMB"), which is Nanjing JV's functional and presentation currency.

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.

(d) Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents up-front prepayments paid for the rights to use the land. Amortisation of land use rights is expensed in the income statement on a straight-line basis over the period of the lease. 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. When there is impairment, the impairment is expensed in the income statement. Downpayments made before the transfer of land use rights, which are non-refundable, are recorded as prepayments.

(e) Cash and cash equivalents

Cash and cash equivalents represent deposits held at call with banks.

(f) Paid-in capital

Paid-in capital is classified as equity.

(g) Other payable

Other payable is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless the discounting effect is not material.

(h) Impairment of non-financial assets

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 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Interest income

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

(j) 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 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.

3 FINANCIAL RISK FACTOR AND MANAGEMENT

3.1 Financial risk factors

Nanjing JV's activities expose it to credit risk and liquidity risk. These risks are managed by Nanjing JV's financial management policies and practices as described below to minimise potential adverse effects on Nanjing JV's financial performance.

(a) Credit risk

Credit risk arises mainly from cash and cash equivalents deposited with a bank. Nanjing JV limits its exposure to credit risk by placing deposits only with a reputable bank in the PRC.

(b) Liquidity risk

Management considers the liquidity risk of Nanjing JV to be low, as it is contemplated that substantially all of Nanjing JV's financial liabilities, comprising mainly the amount due to immediate holding company, will be settled upon the injection of additional capital (see Note 9).

The table below analyses Nanjing JV'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
	HK$'000
Amount due to immediate holding company	415,000
Amount due to a fellow subsidiary	386
	415,386

3.2 Capital risk management

The total equity of Nanjing JV represents the capital structure of Nanjing JV.

Nanjing JV's objectives when managing capital are to safeguard Nanjing JV's ability to continue as a going concern in order to provide returns for shareholder. Nanjing JV obtains its financial support from its immediate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information 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 Nanjing JV's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) Fair value estimation

The carrying values of amounts due to immediate holding company and a fellow subsidiary approximate their fair values due to their short-term nature and discounting effect is considered minimal.

5 SEGMENT INFORMATION

(i) Business segments – primary reporting format

No segment analysis for business segment is presented as all operations of Nanjing JV are solely relating to the real estate development.

(ii) Geographical segments – secondary reporting format

No segment analysis for geographical segment is presented as all the operations and assets of Nanjing JV are in the PRC.

6 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful as Nanjing JV has registered capital only.

7 PREPAYMENTS

The amount represents the partial payment for acquiring a parcel of land in Nanjing, the PRC (Note 12) of RMB415,000,000 and other related expenses.

8 CASH AND CASH EQUIVALENTS

	As at 2 September 2008 *RMB'000*
Bank deposits denominated in RMB	9,993

9 PAID-IN CAPITAL

	As at 2 September 2008 *RMB'000*
Registered and paid-in capital	10,000

The Company was established in the PRC on 7 August 2008 as a limited liability company with a registered capital of RMB10,000,000. The registered capital was fully paid up on 29 July 2008.

Pursuant to a capital expansion agreement ("Capital Expansion Agreement") and a joint venture agreement ("JV Agreement") entered into on 22 September 2008, subject to the conditions: (i) the Capital Expansion Agreement and the JV Agreement (together with the articles of association of Nanjing JV) having been approved by the relevant authorities in the PRC; (ii) the warranties given by the parties to the Capital Expansion Agreement having remained true, accurate and valid as at the date of completion of the Capital Expansion Agreement as they were given at the date of the Capital Expansion Agreement; and (iii) no adverse changes to Nanjing JV since the date of the Capital Expansion Agreement, Glory Dragon Development Limited ("HKCo") has committed to make a contribution to the registered capital of Nanjing JV in cash equivalent to RMB884,800,000. Upon completion of the capital contribution and other regulatory processes, Nanjing JV will be owned as to 98.88% by HKCo and the shareholding of the initial shareholder, Minmetals Investment & Development Co., Ltd ("CMID") will be diluted to 1.12%.

10 AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY AND A FELLOW SUBSIDIARY

The amounts due to immediate holding company and a fellow subsidiary denominated in RMB are unsecured, non-interest bearing and repayable on demand.

11 CONTINGENT LIABILITIES

As at 2 September 2008, Nanjing JV did not have any material contingent liabilities.

12 CAPITAL COMMITMENTS

Capital commitments outstanding as at 2 September 2008 were as follows:

	As at 2 September 2008 *RMB'000*
Contracted but not provided for	
Acquisition of land use rights	415,000

On 25 June 2008, CMID, the immediate holding company of Nanjing JV, was granted the right to purchase a parcel of land in Nanjing, the PRC. On 4 July 2008, CMID entered into the State-owned land use right grant contract (國有土地使用權出讓合同) ("Land Grant Contract") with the Nanjing Land and Resource Administration Bureau (南京國土資源局) ("Land Bureau") in respect of the Land pursuant to which the land use rights of the Land shall be granted to CMID for a land premium at an aggregate price of RMB830,000,000.

According to an approval (Ning Guo Tu Zi [2008] No. 366) dated 1 September 2008 issued by the Land Bureau, the Land Bureau approved the change of the grantee of the Land from CMID to Nanjing JV and the assumption by Nanjing JV of the rights and obligations under the Land Grant Contract.

An amount of RMB415,000,000, as disclosed in Note 7, representing 50% partial payment has been paid while the 20% partial payment has been paid on 24 September 2008 and remaining 30% will become due by 17 November 2008 according to the payment schedules set out in the Land Grant Contract.

13 RELATED PARTY TRANSACTIONS

The directors consider the immediate holding company to be CMID, a company established in the PRC, and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a company established in the PRC.

As China Minmetals is a State-owned enterprise, the government of the PRC (the "PRC Government") is considered as Nanjing JV'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 Nanjing JV. To balance the cost and benefit in making disclosures, Nanjing JV has only disclosed material transactions with such State-controlled enterprises.

Except for those disclosed in the Note 10 and 12, the following transactions were carried out with related parties during the Relevant Period:

(a) Transactions with related parties

	For the period from 7 August 2008 (date of establishment) to 2 September 2008
	RMB'000
Bank interest income from a state-owned bank	4

(b) Balances with related parties

	As at 2 September 2008
	RMB'000
Amount due to immediate holding company	415,000
Amount due to a fellow subsidiary	386
Bank deposits in a state-owned bank	9,993

14 EVENTS AFTER THE BALANCE SHEET DATE

As disclosed in Note 9 above, upon completion of the capital expansion and other regulatory processes, Nanjing JV will be owned as to 98.88% by HKCo and the shareholding of CMID will be diluted to 1.12%.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

As extracted from Appendix IV to the circular to the Shareholders dated 14 November 2008, set out below are the unaudited pro forma consolidated balance sheet, income statement and cash flow statement of the Group and Nanjing JV (together, the “Enlarged Group A”), the Enlarged Group A assuming the exercise of the final exit option (the “Possible Enlarged Group A”) and the Enlarged Group A assuming the exercise of the default sell option (the “Possible Remaining Group A”), also set out below is the unaudited pro forma consolidated balance sheet of the Enlarged Group A assuming the exercise of the buy-back option (the “Enlarged Group A After Buy-back”). The unaudited pro forma financial information has been prepared based on the financial statements of the Group for the year ended 31 December 2007 and the six months ended 30 June 2008, after making certain pro forma adjustments as set out below.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results and financial positions of the Enlarged Group A, the Enlarged Group A After Buy-back, the Possible Enlarged Group A and the Possible Remaining Group A had the very substantial acquisition, possible major acquisition, possible very substantial acquisition and possible very substantial disposal been completed as at 1 January 2007, 30 June 2008 or any future dates.

A. Very substantial acquisition

(i) Unaudited pro forma consolidated balance sheet of the Enlarged Group A

	Audited consolidated balance sheet of the Group as at 30 June 2008	Pro forma adjustments	Audited balance sheet of Nanjing JV as at 2 September 2008			Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
ASSETS						
Non-current assets						
Property, plant and equipment	23,072		–			23,072
Investment properties	356,249		–			356,249
Goodwill	9,107		–	167		9,274
Other assets	457		–			457
	388,885		–			389,052
Current assets						
Inventories	1,709,735		–			1,709,735
Trade and other receivables	269,464		474,193			743,657
Gross amounts due from customers for contract work	379		–			379
Pledged deposits	5,550		–			5,550
Cash and bank deposits	783,143	490,332	11,411			1,284,886
	2,768,271		485,604			3,744,207
Total assets	3,157,156		485,604			4,133,259

	Audited consolidated balance sheet of the Group as at 30 June 2008	Pro forma adjustments				Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008
			Audited balance sheet of Nanjing JV as at 2 September 2008			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
EQUITY						
Capital and reserves contributable to equity holders of the Company						
Share capital	77,383		11,419	(11,419)		77,383
Other reserves	854,510	52,204	(144)	144		906,714
	931,893		11,275			984,097
Minority interests	204,493		–	11,442		215,935
Total equity	1,136,386		11,275			1,200,032
LIABILITIES						
Non-current liabilities						
Borrowings	268,115		–			268,115
Deferred tax liabilities	123		–			123
Other liabilities	8,919		–			8,919
	277,157		–			277,157

	Audited consolidated balance sheet of the Group as at 30 June 2008	Pro forma adjustments				Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008
			Audited balance sheet of Nanjing JV as at 2 September 2008			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Current liabilities						
Trade and other payables	409,096	70,811	–			479,907
Deferred revenue	1,028,582		–			1,028,582
Current tax payable	11,116		–			11,116
Borrowings	294,819	367,317	–			662,136
Amount due to immediate holding company	–		473,889		(473,889)	–
Amount due to a fellow subsidiary	–		440			440
Amount due to a minority investor	–		–		473,889	473,889
	1,743,613		474,329			2,656,070
Total liabilities	2,020,770		474,329			2,933,227
Total equity and liabilities	3,157,156		485,604			4,133,259
Net current assets	1,024,658		11,275			1,088,137
Total assets less current liabilities	1,413,543		11,275			1,477,189

(ii) Unaudited pro forma consolidated income statement of the Enlarged Group A

		Pro forma adjustments		
	Audited consolidated income statement of the Group for the year ended 31 December 2007		Audited income statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008	Pro forma consolidated income statement of the Enlarged Group A for the year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	
Revenue	431,206		–	431,206
Cost of sales	(372,096)		–	(372,096)
Gross profit	59,110		–	59,110
Other gains	142,369		–	142,369
Selling and distribution costs	(23,470)		–	(23,470)
Administrative expenses	(59,304)		(148)	(59,452)
Other operating expenses	(2,746)		–	(2,746)
Impairment of goodwill	(12,554)		–	(12,554)
Revaluation gain on investment properties	50,480		–	50,480
Operating profit	153,885		(148)	153,737
Finance income	8,645		5	8,650
Finance costs	(1,579)	(23,314)	–	(24,893)
Profit/(loss) before tax	160,951		(143)	137,494
Income tax	(1,453)		–	(1,453)
Profit/(loss) for the year/period	159,498		(143)	136,041

(iii) Unaudited pro forma consolidated cash flow statement of the Enlarged Group A

		Pro forma adjustments				
	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007		Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008			Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	
Operating activities						
Cash generated from/(used in) operations	772,197		(473,902)			298,295
Interest paid	(30,163)		–			(30,163)
Income tax refund	13		–			13
Net cash generated from/(used in) operating activities	742,047		(473,902)			268,145
Investing activities						
Acquisition of a subsidiary	(127,960)		–			(127,960)
Partial disposal of a subsidiary	1		–			1
Purchase of property, plant and equipment	(4,724)		–			(4,724)
Net proceeds from disposal of available-for-sale financial assets	157,831		–			157,831
Proceeds from disposal of property, plant and equipment	117		–			117
Interest received	8,645		5			8,650
Net cash generated from investing activities	33,910		5			33,915

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007	Pro forma adjustments				Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007
			Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	
Financing activities						
Proceeds from issue of shares	1,369		11,419		(11,419)	1,369
Capital injection by minority investors	–	79,248	–		11,419	90,667
Increase in amount due to immediate holding company	–		473,889	(473,889)		–
Increase in amount due to a minority investor	–		–	473,889		473,889
New borrowings	310,497	411,084	–			721,581
Repayment of borrowings	(422,869)		–			(422,869)
Increase in pledged deposits	19,144		–			19,144
Net cash (used in)/generated from financing activities	(91,859)		485,308			883,781
Increase in cash and cash equivalents	684,098		11,411			1,185,841
Cash and cash equivalents at beginning of the year/period	112,585		–			112,585
Cash and cash equivalents at end of the year/period	796,683		11,411			1,298,426

B. Possible major acquisition

(i) Unaudited pro forma consolidated balance sheet of the Enlarged Group A After Buy-back

		Pro forma adjustments						
	Audited consolidated balance sheet of the Group as at 30 June 2008		**Audited balance sheet of Nanjing JV as at 2 September 2008**			**Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008**	**Other pro forma adjustment**	**Pro forma consolidated balance sheet of the Enlarged Group A After Buy-back as at 30 June 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 7*	
ASSETS								
Non-current assets								
Property, plant and equipment	23,072		–			23,072		23,072
Investment properties	356,249		–			356,249		356,249
Goodwill	9,107		–	167		9,274		9,274
Other assets	457		–			457		457
	388,885		–			389,052		389,052
Current assets								
Inventories	1,709,735		–			1,709,735		1,709,735
Trade and other receivables	269,464		474,193			743,657		743,657
Gross amounts due from customers for contract work	379		–			379		379
Pledged deposits	5,550		–			5,550		5,550
Cash and bank deposits	783,143	490,332	11,411			1,284,886	(490,332)	794,554
	2,768,271		485,604			3,744,207		3,253,875
Total assets	3,157,156		485,604			4,133,259		3,642,927
EQUITY								
Capital and reserves contributable to equity holders of the Company								
Share capital	77,383		11,419	(11,419)		77,383		77,383
Other reserves	854,510	52,204	(144)	144		906,714	(52,204)	854,510
	931,893		11,275			984,097		931,893
Minority interests	204,493		–	11,442		215,935		215,935
Total equity	1,136,386		11,275			1,200,032		1,147,828

		Pro forma adjustments						
	Audited consolidated balance sheet of the Group as at 30 June 2008		**Audited balance sheet of Nanjing JV as at 2 September 2008**			**Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008**	**Other pro forma adjustment**	**Pro forma consolidated balance sheet of the Enlarged Group A After Buy-back as at 30 June 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 7*	
LIABILITIES								
Non-current liabilities								
Borrowings	268,115		–			268,115		268,115
Deferred tax liabilities	123		–			123		123
Other liabilities	8,919		–			8,919		8,919
	277,157		–			277,157		277,157
Current liabilities								
Trade and other payables	409,096	70,811	–			479,907	(70,811)	409,096
Deferred revenue	1,028,582		–			1,028,582		1,028,582
Current tax payable	11,116		–			11,116		11,116
Borrowings	294,819	367,317	–			662,136	(367,317)	294,819
Amount due to immediate holding company	–		473,889		(473,889)	–		–
Amount due to a fellow subsidiary	–		440			440		440
Amount due to a minority investor	–		–		473,889	473,889		473,889
	1,743,613		474,329			2,656,070		2,217,942
Total liabilities	2,020,770		474,329			2,933,227		2,495,099
Total equity and liabilities	3,157,156		485,604			4,133,259		3,642,927
Net current assets	1,024,658		11,275			1,088,137		1,035,933
Total assets less current liabilities	1,413,543		11,275			1,477,189		1,424,985

C. Possible very substantial acquisition

(i) Unaudited pro forma consolidated balance sheet of the Possible Enlarged Group A

		Pro forma adjustments						
	Audited consolidated balance sheet of the Group as at 30 June 2008		Audited balance sheet of Nanjing JV as at 2 September 2008			Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008	Other pro forma adjustment	Pro forma consolidated balance sheet of the Possible Enlarged Group A as at 30 June 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 8*	
ASSETS								
Non-current assets								
Property, plant and equipment	23,072		–			23,072		23,072
Investment properties	356,249		–			356,249		356,249
Goodwill	9,107		–	167		9,274		9,274
Other assets	457		–			457		457
	388,885		–			389,052		389,052
Current assets								
Inventories	1,709,735		–			1,709,735		1,709,735
Trade and other receivables	269,464		474,193			743,657		743,657
Gross amounts due from customers for contract work	379		–			379		379
Pledged deposits	5,550		–			5,550		5,550
Cash and bank deposits	783,143	490,332	11,411			1,284,886	(490,332)	794,554
	2,768,271		485,604			3,744,207		3,253,875
Total assets	3,157,156		485,604			4,133,259		3,642,927
EQUITY								
Capital and reserves contributable to equity holders of the Company								
Share capital	77,383		11,419	(11,419)		77,383		77,383
Other reserves	854,510	52,204	(144)	144		906,714	(52,204)	854,510
	931,893		11,275			984,097		931,893
Minority interests	204,493		–	11,442		215,935		215,935
Total equity	1,136,386		11,275			1,200,032		1,147,828

	Audited consolidated balance sheet of the Group as at 30 June 2008	Pro forma adjustments				Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008	Other pro forma adjustment	Pro forma consolidated balance sheet of the Possible Enlarged Group A as at 30 June 2008
			Audited balance sheet of Nanjing JV as at 2 September 2008					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 8*	
LIABILITIES								
Non-current liabilities								
Borrowings	268,115		–			268,115		268,115
Deferred tax liabilities	123		–			123		123
Other liabilities	8,919		–			8,919		8,919
	277,157		–			277,157		277,157
Current liabilities								
Trade and other payables	409,096	70,811	–			479,907	(70,811)	409,096
Deferred revenue	1,028,582		–			1,028,582		1,028,582
Current tax payable	11,116		–			11,116		11,116
Borrowings	294,819	367,317	–			662,136	(367,317)	294,819
Amount due to immediate holding company	–		473,889		(473,889)	–		–
Amount due to a fellow subsidiary	–		440			440		440
Amount due to a minority investor	–		–		473,889	473,889		473,889
	1,743,613		474,329			2,656,070		2,217,942
Total liabilities	2,020,770		474,329			2,933,227		2,495,099
Total equity and liabilities	3,157,156		485,604			4,133,259		3,642,927
Net current assets	1,024,658		11,275			1,088,137		1,035,933
Total assets less current liabilities	1,413,543		11,275			1,477,189		1,424,985

(ii) Unaudited pro forma consolidated income statement of the Possible Enlarged Group A

	Audited consolidated income statement of the Group for the year ended 31 December 2007	Pro forma adjustments		Pro forma consolidated income statement of the Enlarged Group A for the year ended 31 December 2007	Other pro forma adjustment	Pro forma consolidated income statement of the Possible Enlarged Group A for the year ended 31 December 2007
			Audited income statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*		*Note 8*	
Revenue	431,206		–	431,206		431,206
Cost of sales	(372,096)		–	(372,096)		(372,096)
Gross profit	59,110		–	59,110		59,110
Other gains	142,369		–	142,369		142,369
Selling and distribution costs	(23,470)		–	(23,470)		(23,470)
Administrative expenses	(59,304)		(148)	(59,452)		(59,452)
Other operating expenses	(2,746)		–	(2,746)		(2,746)
Impairment of goodwill	(12,554)		–	(12,554)		(12,554)
Revaluation gain on investment properties	50,480		–	50,480		50,480
Operating profit	153,885		(148)	153,737		153,737
Finance income	8,645		5	8,650		8,650
Finance costs	(1,579)	(23,314)	–	(24,893)	23,314	(1,579)
Profit/(loss) before tax	160,951		(143)	137,494		160,808
Income tax	(1,453)		–	(1,453)		(1,453)
Profit/(loss) for the year/period	159,498		(143)	136,041		159,355

(iii) Unaudited pro forma consolidated cash flow statement of the Possible Enlarged Group A

		Pro forma adjustments						
	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007		Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008			Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007	Other pro forma adjustment	Pro forma consolidated cash flow statement of the Possible Enlarged Group A for the year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*		*Note 8*	
Operating activities								
Cash generated from/(used in) operations	772,197		(473,902)			298,295		298,295
Interest paid	(30,163)		–			(30,163)		(30,163)
Income tax refund	13		–			13		13
Net cash generated from/(used in) operating activities	742,047		(473,902)			268,145		268,145
Investing activities								
Acquisition of a subsidiary	(127,960)		–			(127,960)		(127,960)
Acquisition of additional interests in subsidiaries	–		–			–	(79,248)	(79,248)
Partial disposal of a subsidiary	1		–			1		1
Purchase of property, plant and equipment	(4,724)		–			(4,724)		(4,724)
Net proceeds from disposal of available-for-sale financial assets	157,831		–			157,831		157,831
Proceeds from disposal of property, plant and equipment	117		–			117		117
Interest received	8,645		5			8,650		8,650
Net cash generated from/(used in) investing activities	33,910		5			33,915		(45,333)

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007	Pro forma adjustments				Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007	Other pro forma adjustment	Pro forma consolidated cash flow statement of the Possible Enlarged Group A for the year ended 31 December 2007
			Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*		*Note 8*	
Financing activities								
Proceeds from issue of shares	1,369		11,419		(11,419)	1,369		1,369
Capital injection by minority investors	–	79,248	–		11,419	90,667		90,667
Increase in amount due to immediate holding company	–		473,889	(473,889)		–		–
Increase in amount due to a minority investor	–		–	473,889		473,889		473,889
New borrowings	310,497	411,084	–			721,581		721,581
Repayment of borrowings	(422,869)		–			(422,869)	(411,084)	(833,953)
Increase in pledged deposits	19,144		–			19,144		19,144
Net cash (used in)/ generated from financing activities	(91,859)		485,308			883,781		472,697
Increase in cash and cash equivalents	684,098		11,411			1,185,841		695,509
Cash and cash equivalents at beginning of the year/period	112,585		–			112,585		112,585
Cash and cash equivalents at end of the year/period	796,683		11,411			1,298,426		808,094

D. Possible very substantial disposal

(i) Unaudited pro forma consolidated balance sheet of the Possible Remaining Group A

		Pro forma adjustments						
	Audited consolidated balance sheet of the Group as at 30 June 2008		Audited balance sheet of Nanjing JV as at 2 September 2008			Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008	Other pro forma adjustment	Pro forma consolidated balance sheet of the Possible Remaining Group A as at 30 June 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 9*	
ASSETS								
Non-current assets								
Property, plant and equipment	23,072		–			23,072		23,072
Investment properties	356,249		–			356,249		356,249
Goodwill	9,107		–	167		9,274	(167)	9,107
Other assets	457		–			457		457
	388,885		–			389,052		388,885
Current assets								
Inventories	1,709,735		–			1,709,735		1,709,735
Trade and other receivables	269,464		474,193			743,657	(474,193)	269,464
Gross amounts due from customers for contract work	379		–			379		379
Pledged deposits	5,550		–			5,550		5,550
Cash and bank deposits	783,143	490,332	11,411			1,284,886	(501,743)	783,143
	2,768,271		485,604			3,744,207		2,768,271
Total assets	3,157,156		485,604			4,133,259		3,157,156
EQUITY								
Capital and reserves contributable to equity holders of the Company								
Share capital	77,383		11,419	(11,419)		77,383		77,383
Other reserves	854,510	52,204	(144)	144		906,714	(52,204)	854,510
	931,893		11,275			984,097		931,893
Minority interests	204,493		–	11,442		215,935	(11,442)	204,493
Total equity	1,136,386		11,275			1,200,032		1,136,386

	Audited consolidated balance sheet of the Group as at 30 June 2008	Pro forma adjustments				Pro forma consolidated balance sheet of the Enlarged Group A as at 30 June 2008	Other pro forma adjustment	Pro forma consolidated balance sheet of the Possible Remaining Group A as at 30 June 2008
			Audited balance sheet of Nanjing JV as at 2 September 2008					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 9*	
LIABILITIES								
Non-current liabilities								
Borrowings	268,115		–			268,115		268,115
Deferred tax liabilities	123		–			123		123
Other liabilities	8,919		–			8,919		8,919
	277,157		–			277,157		277,157
Current liabilities								
Trade and other payables	409,096	70,811	–			479,907	(70,811)	409,096
Deferred revenue	1,028,582		–			1,028,582		1,028,582
Current tax payable	11,116		–			11,116		11,116
Borrowings	294,819	367,317	–			662,136	(367,317)	294,819
Amount due to immediate holding company	–		473,889		(473,889)	–		–
Amount due to a fellow subsidiary	–		440			440	(440)	–
Amount due to a minority investor	–		–		473,889	473,889	(473,889)	–
	1,743,613		474,329			2,656,070		1,743,613
Total liabilities	2,020,770		474,329			2,933,227		2,020,770
Total equity and liabilities	3,157,156		485,604			4,133,259		3,157,156
Net current assets	1,024,658		11,275			1,088,137		1,024,658
Total assets less current liabilities	1,413,543		11,275			1,477,189		1,413,543

(ii) Unaudited pro forma consolidated income statement of the Possible Remaining Group A

		Pro forma adjustments				
	Audited consolidated income statement of the Group for the year ended 31 December 2007		Audited income statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008	Pro forma consolidated income statement of the Enlarged Group A for the year ended 31 December 2007	Other pro forma adjustment	Pro forma consolidated income statement of the Possible Remaining Group A for the year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*		*Note 9*	
Revenue	431,206		–	431,206		431,206
Cost of sales	(372,096)		–	(372,096)		(372,096)
Gross profit	59,110		–	59,110		59,110
Other gains	142,369		–	142,369		142,369
Selling and distribution costs	(23,470)		–	(23,470)		(23,470)
Administrative expenses	(59,304)		(148)	(59,452)	148	(59,304)
Other operating expenses	(2,746)		–	(2,746)		(2,746)
Impairment of goodwill	(12,554)		–	(12,554)		(12,554)
Revaluation gain on investment properties	50,480		–	50,480		50,480
Operating profit	153,885		(148)	153,737		153,885
Finance income	8,645		5	8,650	(5)	8,645
Finance costs	(1,579)	(23,314)	–	(24,893)	23,314	(1,579)
Profit/(loss) before tax	160,951		(143)	137,494		160,951
Income tax	(1,453)		–	(1,453)		(1,453)
Profit/(loss) for the year/period	159,498		(143)	136,041		159,498

(iii) Unaudited pro forma consolidated cash flow statement of the Possible Remaining Group A

		Pro forma adjustments						
	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007		Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008			Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007	Other pro forma adjustments	Pro forma cash flow statement of the Possible Remaining Group A for the year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*		*Note 9*	
Operating activities								
Cash generated from/(used in) operations	772,197		(473,902)			298,295	473,902	772,197
Interest paid	(30,163)		–			(30,163)		(30,163)
Income tax refund	13		–			13		13
Net cash generated from/ (used in) operating activities	742,047		(473,902)			268,145		742,047
Investing activities								
Acquisition of a subsidiary	(127,960)		–			(127,960)		(127,960)
Partial disposal of a subsidiary	1		–			1		1
Net proceeds from disposal of subsidiaries	–		–			–	(90,667)	(90,667)
Purchase of property, plant and equipment	(4,724)		–			(4,724)		(4,724)
Net proceeds from disposal of available-for-sale financial assets	157,831		–			157,831		157,831
Proceeds from disposal of property, plant and equipment	117		–			117		117
Interest received	8,645		5			8,650	(5)	8,645
Net cash generated from/(used in) investing activities	33,910		5			33,915		(56,757)
Financing activities								
Proceeds from issue of shares	1,369		11,419		(11,419)	1,369		1,369
Capital injection by minority investors	–	79,248	–		11,419	90,667		90,667
Increase in amount due to immediate holding company	–		473,889	(473,889)		–		–
Increase/(decrease) in amount due to a minority investor	–		–	473,889		473,889	(473,889)	–
New borrowings	310,497	411,084	–			721,581		721,581
Repayment of borrowings	(422,869)		–			(422,869)	(411,084)	(833,953)
Increase in pledged deposits	19,144		–			19,144		19,144

		Pro forma adjustments						
	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007		**Audited cash flow statement of Nanjing JV from 7 August 2008 (date of establishment) to 2 September 2008**			**Pro forma consolidated cash flow statement of the Enlarged Group A for the year ended 31 December 2007**	**Other pro forma adjustments**	**Pro forma cash flow statement of the Possible Remaining Group A for the year ended 31 December 2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*		*Note 9*	
Net cash (used in)/generated from financing activities	(91,859)		485,308			883,781		(1,192)
Increase in cash and cash equivalents	684,098		11,411			1,185,841		684,098
Cash and cash equivalents at beginning of the year/period	112,585		–			112,585		112,585
Cash and cash equivalents at end of the year/period	796,683		11,411			1,298,426		796,683

Notes:

1. The audited consolidated balance sheet of the Group as at 30 June 2008, and the audited consolidated income statement and cash flow statement of the Group for the year ended 31 December 2007 are extracted from the accountant's report of the Company which is set out in Appendix I to the circular to the Shareholders dated 14 November 2008.

2. The adjustment represents the recognition of the cash injected by the Fund, the financial liabilities arising from the Buy-back Option granted by the Group to the Fund and the shareholders' loan of RMB360,000,000 (approximately HK$411,084,000) provided by the Fund. Under the Buy-back Option, the Group has an unavoidable contractual obligation to purchase the Fund's equity interests in Holdco at a consideration equal to the original investment cost of RMB69,400,000 (approximately HK$79,248,000) and assume the shareholder's loan provided by the Fund if the Buy-back Triggering Events occur.

   The financial liabilities arising from the Buy-back Option in respect of the Fund's equity interest and the shareholder's loan are recognised initially at their fair values of HK$70,811,000 and HK$367,317,000 respectively at an applicable discount rate of 5.79%, assuming they will be repaid on 30 June 2010, the last date of the exercise of the Buy-back Option and the difference of HK$52,204,000 is credited to other reserves. The financial liabilities are classified under current liabilities because the Group cannot unconditionally defer the payments beyond one year under the Buy-back Option.

   For the purpose of the unaudited pro forma consolidated income statement, the finance cost arising from the accretion of the financial liabilities in relation to the Buy-back Option and the shareholder's loan from the Fund had been recognised based on the assumption that it was provided on 1 January 2007.

3. The adjustment represents the inclusion of the balance sheet as at 2 September 2008, and the income statement and cash flow statement for the period ended 2 September 2008 of Nanjing JV as extracted from the accountant's report of Nanjing JV as set out in Appendix II to the circular to the Shareholders dated 14 November 2008. The accountant's report of Nanjing JV, which adopted Renminbi ("RMB") as its reporting currency, was translated into Hong Kong dollars ("HK$") using the exchange rate of RMB1.0000 = HK$1.1419 prevailing on 30 June 2008.

4. The adjustment represents the consolidation adjustment of the Group's investment in Nanjing JV relating to the elimination of the registered capital and accumulated loss of Nanjing JV and the recognition of minority interests of CMID amounting to HK$11,442,000. Goodwill of HK$167,000 was recognised as follows:

	HK$'000
Total capital contribution by the Fund and the Group	1,010,353
Holdco's 98.88% interest in fair value of net assets of Nanjing JV amounting to HK$1,021,628,000 after the capital contribution	(1,010,186)
Goodwill arising from the Very Substantial Acquisition	167

5. The adjustment represents the reclassification of amount due to immediate holding company to amount due to a minority investor due to the change in controlling shareholder of Nanjing JV from CMID to the Group as a result of the Very Substantial Acquisition.

6. Proceeds amounting to HK$11,419,000 from share issuance by Nanjing JV to CMID, the original shareholder, had been reclassified as capital injection from a minority investor in the unaudited pro forma cash flow statement.

7. The pro forma adjustment represents the exercise of the Buy-back Option for a total consideration equivalent to the sum of the Fund's original investment cost and the Fund's loan amount.

8. The pro forma adjustment represents the exercise of the Final Exit Option at the Final Exit Price by the Fund under which the Group is required to purchase the Fund's interests in Holdco. Since the future profit of Nanjing JV cannot be determined at this stage, it is assumed that the Final Exit Price is equivalent to the Fund's original investment cost. It is also assumed that the loan from the Fund will be assumed by the Group at the time of the Final Exit.

9. The pro forma adjustment represents the exercise of the Default Sell Option by the Fund under which the Group is required to dispose of the Group's interests in Holdco to the Fund. The Default Sell Option is exercisable at a price to be determined after arm's length negotiation between the Fund and the Group by reference to the Fair Market Value of the shares of Holdco. As the Fair Market Value cannot be determined at this stage, it is assumed that the market value of Holdco as at 1 January 2007 and 30 June 2008 is equivalent to the Group's original investment cost.

10. No adjustment has been made to reflect the acquisition of Texion by the Group as disclosed in the circular of the Company dated 26 June 2008. The acquisition was completed on 15 August 2008.

11. No adjustment has been made to reflect any trading result or other transaction of the Group, Holdco or Nanjing JV entered into subsequent to 30 June 2008 and 2 September 2008 respectively.

INTRODUCTION

On 4 September 2009, the Group completed the acquisition of the entire equity interest in Luck Achieve for a consideration of HK$702,061,883, which was satisfied by the allotment and issue of 450,039,669 Shares by the Company to June Glory. Luck Achieve holds approximately 230 million ordinary shares in Hong Kong-listed Franshion Properties (China) Limited (stock code: 817). Franshion Properties (China) Limited and its subsidiaries are engaged in property development, hotel operations and property investment and management in the PRC.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors have not been varied in consequence of such acquisition.

As the acquisition of Luck Achieve was completed 4 September 2009, the assets and liabilities of Luck Achieve were therefore not incorporated into the Group's consolidated balance sheet as at 31 December 2008. Operating results of Luck Achieve will be taken up by the Group after 4 September 2009.

A. FINANCIAL INFORMATION

The following is the financial information of Luck Achieve for the period from 28 August 2008 (date of incorporation) to 30 June 2009, as extracted from the accountant's report on the financial information of Luck Achieve included in the circular to the Shareholders dated 12 August 2009, which is not subject to any qualified opinion.

INCOME STATEMENT

	Note	**For the period from 28 August 2008 (date of incorporation) to 30 June 2009** *HK$'000*
Loss on disposal of available-for-sale financial assets	*8*	(83,985)
Interest income		652
Loss for the period		(83,333)
Attributable to:		
Equity holder of Luck Achieve		(83,333)
Dividend	*7*	355,679

BALANCE SHEET

	Note	As at 30 June 2009 HK$'000
ASSETS		
Non-current assets		
Available-for-sale financial assets	*8*	610,745
Current assets		
Cash and cash equivalents		171,981
Total assets		782,726
EQUITY		
Capital and reserves attributable to equity holder of Luck Achieve		
Share capital	*9*	–
Reserves	*10*	782,726
Total equity		782,726

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the period from 28 August 2008 (date of incorporation) to 30 June 2009 *HK$'000*
Loss for the period		(83,333)
Other comprehensive income		
Revaluation gain on available-for-sale financial assets	*8*	138,282
Total comprehensive income for the period		54,949

STATEMENT OF CHANGES IN EQUITY

	For the period from 28 August 2008 (date of incorporation) to 30 June 2009		
	Share capital	**Reserves**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Issue of ordinary shares	–	1,083,456	1,083,456
Dividend paid	–	(355,679)	(355,679)
Total comprehensive income for the period	–	54,949	54,949
As at 30 June 2009	–	782,726	782,726

CASH FLOW STATEMENT

	Note	For the period from 28 August 2008 (date of incorporation) to 30 June 2009 HK$'000
Operating activities		
Loss for the period		(83,333)
Interest income		(652)
Loss on disposal of available-for-sale financial assets		83,985
Net cash generated from operating activities		–
Investing activities		
Interest received		652
Net proceeds from disposal of available-for-sale financial assets	8	527,008
Net cash generated from investing activities		527,660
Financing activities		
Dividend paid		(355,679)
Net cash used in financing activities		(355,679)
Increase in cash and cash equivalents		171,981
Cash and cash equivalents as at 28 August 2008 (date of incorporation)		–
Cash and cash equivalents as at 30 June 2009		171,981

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

Luck Achieve Limited ("Luck Achieve") is a limited liability company incorporated in the British Virgin Islands on 28 August 2008. The address of its registered office is P.O. Box 3340, Road Town, Tortola, the British Virgin Islands.

The principal activity of Luck Achieve is investment holding.

The immediate holding company of Luck Achieve is Mountain Trend Global Limited and the ultimate holding company is China Minmetals Corporation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of Minmetals Land Limited and have been consistently applied to the period presented.

(a) Basis of preparation

The Financial Information of the Luck Achieve has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The Luck Achieve has early adopted HKAS 1 (Revised) during the period. Accordingly, all "non-owner changes in equity" have been excluded from the statement of changes in equity and separately presented in a statement of comprehensive income.

(b) 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.

(c) Functional and presentation currency

The Financial Information is presented in Hong Kong dollars ("HK$" or HK dollars), which is Luck Achieve's functional and presentation currency.

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(d) Interest income

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

(e) Share capital

Share capital is classified as equity.

(f) Financial assets

Luck Achieve's financial assets are classified as available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

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 Luck Achieve 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and Luck Achieve 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 Luck Achieve's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Luck Achieve established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Luck Achieve 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.

(g) Cash and cash equivalents

Cash and cash equivalents represent deposits held at call with banks.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

Luck Achieve's activities expose it to price risk and credit risk.

(i) Price risk

Luck Achieve is exposed to equity securities price risk because the investment held by Luck Achieve is classified on the balance sheet as available-for-sale. Luck Achieve is not exposed to commodity price risk.

As at 30 June 2009, if the period end share price of the available-for-sale financial assets had increased/decreased by 20%, Luck Achieve's equity would have been approximately HK$122,149,000 higher/lower.

(ii) Credit risk

Luck Achieve's credit risk primarily arises from deposit with a bank, which is denominated in Hong Kong dollar. The credit risk on deposit with a bank is limited because the counterparty is a bank with sound credit ratings assigned by international credit-rating agencies.

3.2 Capital risk management

The total equity of Luck Achieve represents the capital structure of Luck Achieve.

Luck Achieve's objectives when managing capital are to safeguard Luck Achieve's ability to continue as a going concern in order to provide returns for shareholder. Luck Achieve obtains its financial support from its immediate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information 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 Luck Achieve's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

5 SEGMENT INFORMATION

(a) Business segments

No segment analysis for business segment is presented as all operations of Luck Achieve are solely relating to investment holding.

(b) Geographical segments

No segment analysis for geographical segment is presented as all the operations and assets of Luck Achieve are in Hong Kong.

6 LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful.

7 DIVIDEND

On 17 June 2009, a special dividend of approximately HK$177,840,000 per ordinary share was paid to the shareholder of Luck Achieve, totalling approximately HK$355,679,000.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	HK$'000
As at 28 August 2008 (date of incorporation)	–
Additions	1,555,919
Disposal	(1,083,456)
Revaluation gain	138,282
As at 30 June 2009	610,745

As at 30 June 2009, available-for-sale financial assets comprise solely 230,469,921 shares of Franshion Properties (China) Limited, a company listed in Hong Kong which are stated at fair value.

Available-for-sale financial assets with a carrying value of approximately HK$1,083,456,000 was disposed of during the period at a consideration comprising (a) cash amounting to approximately HK$527,008,000, and (b) the Hong Kong listed equity securities with a fair value of approximately HK$472,463,000.

9 SHARE CAPITAL

	As at 30 June 2009 *HK$'000*
Authorised:	
50,000 ordinary shares of US$1 each	390
Issued and fully paid:	
2 ordinary shares of US$1 each	–

Luck Achieve was incorporated in the British Virgin Islands on 28 August 2008 as a limited liability company with an authorised share capital of US$50,000.

On 26 September 2008, 1 ordinary share of US$1 was issued, at par to the subscribing shareholder for cash.

On 16 December 2008, 1 ordinary share of US$1 was issued, at RMB960,000,000 (approximately HK$1,083,456,000) as consideration for the acquisition of 10.6452% equity interest in 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited), an unlisted company established under the laws of the PRC which was completed on 22 December 2008 and was a non-cash transaction during the period.

10 RESERVES

	Share premium	Available-for-sale financial assets revaluation reserve	Accumulated loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Issue of shares	1,083,456	–	–	1,083,456
Revaluation gain on available-for-sale financial assets	–	138,282	–	138,282
Loss for the period	–	–	(83,333)	(83,333)
Dividend paid	(355,679)	–	–	(355,679)
Balance as at 30 June 2009	727,777	138,282	(83,333)	782,726

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

As extracted from Appendix IV to the circular to the Shareholders dated 12 August 2009, set out below is the statement of unaudited pro forma consolidated assets and liabilities of the Group and Luck Achieve (together, the "Enlarged Group B"), which has been prepared based on the financial statements of the Group for the year ended 31 December 2008, after making certain pro forma adjustments as set out below.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results and financial positions of the Enlarged Group B had the acquisition of Luck Achieve been completed on 31 December 2008 or any future dates.

STATEMENT OF UNAUDITED PRO FORMA CONSOLIDATED ASSETS AND LIABILITIES OF THE ENLARGED GROUP B

		Pro forma adjustment	
	Audited consolidated assets and liabilities of the Group as at 31 December 2008	**Audited assets and liabilities of Luck Achieve as at 30 June 2009**	**Unaudited consolidated assets and liabilities of the Enlarged Group B as at 31 December 2008**
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
ASSETS			
Non-current assets			
Property, plant and equipment	77,679	–	77,679
Investment properties	897,959	–	897,959
Goodwill	9,003	–	9,003
Available-for-sale financial assets	–	610,745	610,745
	984,641	610,745	1,595,386
Current assets			
Inventories	1,234,937	–	1,234,937
Trade and other receivables	251,438	–	251,438
Gross amounts due from customers from contract work	328	–	328
Current tax recoverable	707	–	707
Restricted cash and pledged deposits	14,288	–	14,288
Cash and bank deposits	635,853	171,981	807,834
	2,137,551	171,981	2,309,532
Total assets	3,122,192	782,726	3,904,918

	Audited consolidated assets and liabilities of the Group as at 31 December 2008	Pro forma adjustment Audited assets and liabilities of Luck Achieve as at 30 June 2009	Unaudited consolidated assets and liabilities of the Enlarged Group B as at 31 December 2008
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	7,069	–	7,069
Other liabilities	11,159	–	11,159
	18,228	–	18,228
Current liabilities			
Trade and other payables	449,322	–	449,322
Deferred revenue	194,995	–	194,995
Current tax payable	43,535	–	43,535
Borrowings	639,134	–	639,134
	1,326,986	–	1,326,986
Total liabilities	1,345,214	–	1,345,214
Net assets attributable to the shareholders of the Company	1,582,060	782,726	2,364,786
Minority interests	194,918	–	194,918
Total equity	1,776,978	782,726	2,559,704

Notes to statement of unaudited pro forma consolidated assets and liabilities of the Enlarged Group B:

1. The statement of audited consolidated assets and liabilities of the Group as at 31 December 2008 are extracted from the published annual report of the Group for the year ended 31 December 2008.

2. The adjustment represents the inclusion of the statement of assets and liabilities of Luck Achieve as at 30 June 2009 as extracted from the accountant's report on the financial information of Luck Achieve for the period from 28 August 2008 (date of incorporation) to 30 June 2009.

3. No adjustment has been made to reflect the formation of a joint venture with an investment fund and the participation of the joint venture in a real estate development project as disclosed in the circular of the Company dated 14 November 2008. The transaction was completed on 21 April 2009.

4. No adjustment has been made to reflect the potential impact of the rights issue by the Company as disclosed in the circular of the Company dated 9 June 2009, which was completed on 30 June 2009.

5. No adjustment has been made to reflect any trading results or other transaction of the Group and Luck Achieve entered into subsequent to 31 December 2008 and 30 June 2009 respectively.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Set out below are the statement of unaudited pro forma consolidated assets and liabilities and the statement of unaudited pro forma adjusted consolidated net tangible assets of the Group and the Targets and their respective subsidiaries (together, the "Enlarged Group") (collectively, the "Unaudited Pro Forma Financial Information"). They have been prepared for the purpose of illustrating the effects of the Acquisition as if it had taken place on 30 June 2009. The Unaudited Pro Forma Financial Information has been prepared based on the unaudited financial statements of the Group for the period ended 30 June 2009, after making certain pro forma adjustments as set out below.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed on 30 June 2009 or any future dates.

(I) STATEMENT OF UNAUDITED PRO FORMA CONSOLIDATED ASSETS AND LIABILITIES OF THE ENLARGED GROUP

		Pro forma adjustments								
	Unaudited consolidated assets and liabilities of the Group as at 30 June 2009	**Audited assets and liabilities of Tianjin Binhaixinqu as at 31 August 2009**	**Audited assets and liabilities of Zhongrun Chengzhen as at 31 August 2009**							**Unaudited pro forma consolidated assets and liabilities of the Enlarged Group as at 30 June 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note*	*Note 7*	*Note 8*	
ASSETS										
Non-current assets										
Property, plant and equipment	77,549	868	1,071							79,488
Investment properties	917,959	–	–							917,959
Goodwill	11,391	–	–			12,728	*6(d)*			24,119
Deferred tax assets	–	–	6,039							6,039
Other assets	–	20	–							20
	1,006,899	888	7,110							1,027,625
Current assets										
Inventories	2,156,552	313,773	460,230			650,725	*6(a)*			3,581,280
Trade and other receivables	231,018	2,090	8,327							241,435
Gross amounts due from customers for contract work	741	–	–							741
Current tax recoverable	707	–	–							707
Amount due from immediate holding company	–	–	24,055						(24,055)	–
Amount due from an intermediate holding company	–	–	7,543						(7,543)	–
Amounts due from fellow subsidiaries	–	–	–						31,598	31,598
Restricted cash and pledged deposits	11,939	–	7,697							19,636
Cash and bank deposits	1,117,568	44,587	8,540	6,176						1,176,871
	3,518,525	360,450	516,392							5,052,268
Total assets	4,525,424	361,338	523,502							6,079,893

		Pro forma adjustments								
	Unaudited consolidated assets and liabilities of the Group as at 30 June 2009	**Audited assets and liabilities of Tianjin Binhaixinqu as at 31 August 2009**	**Audited assets and liabilities of Zhongrun Chengzhen as at 31 August 2009**							**Unaudited pro forma consolidated assets and liabilities of the Enlarged Group as at 30 June 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note*	*Note 7*	*Note 8*	
LIABILITIES										
Non-current liabilities										
Borrowings	540,220	–	–							540,220
Deferred tax liabilities	7,285	–	–							7,285
Other liabilities	6,543	–	–							6,543
	554,048	–	–							554,048
Current liabilities										
Trade and other payables	484,540	150,724	34,438							669,702
Deferred revenue	10,620	–	48,012							58,632
Current tax payable	43,882	–	–							43,882
Amount due to immediate holding company	–	74	–						(74)	–
Amounts due to fellow subsidiaries	–	–	9,967						74	10,041
Borrowings	1,059,552	209,520	441,620	(209,520)	(408,687)					1,092,485
	1,598,594	360,318	534,037							1,874,742
Total liabilities	2,152,642	360,318	534,037							2,428,790
Capital and reserves attributable to equity holders of the Company										
Share capital and share premium	1,549,026	11,352	11,352	215,696	408,687	(647,087)	*6(b)*			2,968,078
						1,111,365	*6(c)*	307,687		
Other reserves	609,503	(10,332)	(21,887)			32,219	*6(b)*	(109,911)		666,548
						166,956	*6(d)*			
	2,158,529	1,020	(10,535)							3,634,626
Minority interests	214,253	–	–					(197,776)		16,477
Total equity	2,372,782	1,020	(10,535)							3,651,103

Notes to statement of unaudited pro forma consolidated assets and liabilities of the Enlarged Group:

1. The statement of unaudited consolidated assets and liabilities of the Group as at 30 June 2009 is extracted from the published interim condensed financial statements of the Group for the period ended 30 June 2009.

2. The adjustment represents the inclusion of the statement of assets and liabilities of Tianjin Binhaixinqu as at 31 August 2009 as extracted from the accountant's report on the financial information of Tianjin Binhaixinqu for the period ended 31 August 2009 as set out in Appendix II to this circular, and translated to Hong Kong dollars using the exchange rate of HK$1.00 = RMB0.88087.

3. The adjustment represents the inclusion of the statement of assets and liabilities of Zhongrun Chengzhen as at 31 August 2009 as extracted from the accountant's report on the financial information of Zhongrun Chengzhen for the period ended 31 August 2009 as set out in Appendix III to this circular, and translated to Hong Kong dollars using the exchange rate of HK$1.00 = RMB0.88087.

4. The adjustment reflects the additional capital injection of RMB190,000,000 (approximately HK$215,696,000) of Tianjin Binhaixinqu by China Minmetals which will be used to repay the outstanding amount of loans due to the immediate holding company, immediately prior to the Acquisition.

5. The adjustment reflects the additional capital injection of RMB360,000,000 (approximately HK$408,687,000) of Zhongrun Chengzhen by China Minmetals which will be used to repay the outstanding amount of loans due to the immediate holding company, immediately prior to the Acquisition.

6. The adjustment represents the consolidation adjustment of the Group's investments in Tianjin Binhaixinqu and Zhongrun Chengzhen, relating to:

   (a) the fair value adjustments of the identifiable assets and liabilities of Tianjin Binhaixinqu and Zhongrun Chengzhen acquired by the Group, which mainly represents the increase in fair value of the properties under development of RMB223,607,000 (approximately HK$253,848,000) and RMB349,597,000 (approximately HK$396,877,000) respectively;

   (b) the elimination of the share capital and other reserves of Tianjin Binhaixinqu and Zhongrun Chengzhen; and

   (c) the recognition of new Shares issued by the Company at total values of HK$483,292,000 and HK$628,073,000, for the acquisition of 100% equity interests in Tianjin Binhaixinqu and Zhongrun Chengzhen respectively. The above figures are calculated by management based on an allocation of the total consideration of HK$1,419,051,619 of the Acquisition among the Project Companies, with reference to the adjusted net asset values of each of the Project Companies based on the latest appraised values of the properties under development, after the additional capital injection immediately before the Acquisition.

   (d) The recognition of goodwill arising from the acquisition of Tianjin Binhaixinqu amounting to HK$12,728,000 and the excess of the Group's acquired interest at fair value in Zhongrun Chengzhen over cost amounting to HK$166,956,000, which has been credited to the income statement, are analysed as follows:

	Tianjin Binhaixinqu	**Zhongrun Chengzhen**
	HK$'000	*HK$'000*
Value of the Consideration Shares issued	483,292	628,073
Less: Carrying amounts of the net assets/ (liabilities) acquired	1,020	(10,535)
Fair value adjustment on the properties under development acquired	253,848	396,877
Additional capital injection	215,696	408,687
	470,564	795,029
Goodwill/(excess of the Group's acquired interests at fair value over cost)	12,728	(166,956)

Since the fair values of individual identifiable assets and liabilities acquired and the Consideration Shares issued at the date of completion of the Acquisition may be substantially different from their fair values used in the preparation of the statement of unaudited pro forma consolidated assets and liabilities, the final amounts of the goodwill and the excess of the Group's acquired interests at fair value over cost arising from the acquisition of Tianjin Binhaixinqu and Zhongrun Chengzhen may also be different.

7. The adjustment represents the recognition of new Shares issued by the Company at a total value of HK$307,687,000 for the acquisition of 49% equity interests in Jiahe Risheng and the elimination of the corresponding minority interests of the Group of HK$197,776,000 as at 30 June 2009, resulting in a debit of HK$109,911,000 to other reserves. The value of the new Shares issued is determined on the same basis as set out in 6(c) above.

8. The adjustment represents the reclassification of amounts due from or to immediate holding company and intermediate holding company of Tianjin Binhaixinqu and Zhongrun Chengzhen to amounts due from or to fellow subsidiaries.

9. No adjustment has been made to reflect the acquisition of 100% equity interest in Luck Achieve Limited as disclosed in the circular of the Company dated 12 August 2009. The transaction was completed on 4 September 2009. The unaudited pro forma financial information in respect of this transaction had been extracted from the above-mentioned circular and included as Appendix VI to this circular.

10. No adjustment has been made to reflect the potential impact of the subscription of 222,000,000 new Shares by the Company as disclosed in the announcement of the Company dated 13 August 2009, which was completed on 26 August 2009.

11. No adjustment has been made to reflect any trading results or other transaction of the Group and the Targets and their respective subsidiaries entered into subsequent to 30 June 2009 and 31 August 2009 respectively.

(II) STATEMENT OF UNAUDITED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP AND STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE ENLARGED GROUP

The statement of unaudited consolidated net tangible assets of the Group and statement of unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group are set out below:

Unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2009	Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2009	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the Shareholders of the Company as at 30 June 2009	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per Share as at 30 June 2009
HK$'000	*HK$*	*HK$'000*	*HK$*
(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*
2,147,138	1.285	3,610,507	1.589

Notes to statement of unaudited consolidated net tangible assets of the Group and statement of unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group:

1. The unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2009 of approximately HK$2,147,138,000 is calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of the Company as at 30 June 2009 of approximately HK$2,158,529,000 with an adjustment for goodwill as at 30 June 2009 of approximately HK$11,391,000. All these figures are extracted from the published interim condensed financial statements of the Group for the period ended 30 June 2009.

2. The unaudited consolidated net tangible assets of the Group per Share as at 30 June 2009 is determined based on 1,670,747,674 Shares issued and outstanding as at 30 June 2009.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the Shareholders of the Company as at 30 June 2009 of approximately HK$3,610,507,000, are calculated based on the consolidated net assets of the Enlarged Group attributable to the Shareholders of the Company as at 30 June 2009 of approximately HK$3,634,626,000 with an adjustment for goodwill as at 30 June 2009 of approximately HK$24,119,000. All these figures are extracted from the statement of unaudited pro forma consolidated assets and liabilities of the Enlarged Group as set out in Section I of this Appendix.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per Share as at 30 June 2009 is determined based on 2,272,040,733 Shares assumed to be issued and outstanding as at 30 June 2009, representing the aggregate of 1,670,747,674 existing Shares and 601,293,059 new Shares assumed to be issued pursuant to the Acquisition on 30 June 2009.

5. No adjustment has been made to reflect the acquisition of 100% equity interest in Luck Achieve Limited as disclosed in the circular of the Company dated 12 August 2009. The transaction was completed on 4 September 2009. The unaudited pro forma financial information in respect of this transaction had been extracted from the above-mentioned circular and included as Appendix VI to this circular.

6. No adjustment has been made to reflect the potential impact of the subscription of 222,000,000 new shares by the Company as disclosed in the announcement of the Company dated 13 August 2009, which was completed on 26 August 2009.

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

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 information set out on pages VII-1 to VII-5 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix VII to the circular dated 30 November 2009 (the "Circular") of Minmetals Land Limited (the "Company"), in connection with the proposed acquisition of the entire equity interests in certain holding companies to be established in the British Virgin Islands (collectively, the "Targets") which hold 100% equity interests in 五礦置業(天津)濱海新區有限公司 ("Tianjin Binhaixinqu") and 湖南中潤城置業有限公司 ("Zhongrun Chengzhen") and a 49% equity interest in 五礦建設(湖南)嘉和日盛房地產開發有限公司 ("Jiahe Risheng") (collectively, the "Project Companies") involving an issue of ordinary shares (the "Acquisition") by the Company. 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 Acquisition might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages VII-1 to VII-5 of the Circular.

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 unaudited consolidated statement of assets and liabilities of the Group and the unaudited consolidated net tangible assets of the Group attributable to the shareholders of the Company with the unaudited financial statements of the Group as at 30 June 2009, 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 financial position of the Group as at 30 June 2009 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, 30 November 2009

INDEBTEDNESS

Borrowings

As at the close of business on 31 October 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had aggregate outstanding borrowings of approximately HK$2,028.98 million, of which secured borrowings amounted to HK$743.62 million (comprising secured short-term bank loans of approximately HK$353.00 million and secured long-term bank loans of approximately HK$390.62 million), and unsecured short-term loans amounted to HK$1,285.36 million (comprising the loans from minority investors of subsidiaries and immediate holding companies of the Project Companies). As at the close of business on 31 October 2009, approximately HK$630.10 million (representing secured loans) of the total borrowings of the Enlarged Group was guaranteed by the Company through corporate guarantees while the remaining HK$1,398.88 million was not guaranteed by the Company.

Securities, charges and guarantees and contingent liabilities

As at the close of business on 31 October 2009, the aggregate outstanding borrowings of the Enlarged Group amounting to approximately HK$743.62 million were secured by (i) pledged deposits of the Enlarged Group of approximately HK$5.62 million; (ii) investment properties of the Enlarged Group with carrying amounts of approximately HK$917.96 million; (iii) leasehold land and buildings of the Enlarged Group with carrying amounts of approximately HK$59.76 million; (iv) properties under development of the Enlarged Group with carrying amounts of approximately HK$371.61 million; and (v) corporate guarantees provided by the Company.

As at the close of business on 31 October 2009, the Enlarged 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 Project Companies and the outstanding mortgage loans under these guarantees amounted to approximately HK$650.02 million.

General

Save as aforesaid and apart from intra-group liabilities, the Enlarged 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 31 October 2009.

WORKING CAPITAL

After taking into account of the available banking facilities and the internal resources of the Enlarged Group, the Directors are of the opinion that the Enlarged Group will have sufficient working capital for its present requirements, that is for the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

FINANCIAL AND TRADING PROSPECTS FOR 2009

Financial and Trading Prospect of the Enlarged Group

On 4 September 2009, the Group acquired the entire share capital of Luck Achieve Limited for a consideration of HK$702.06 million which was satisfied in full by allotment and issue of 405,039,669 new shares of the Company to June Glory. The assets of Luck Achieve Limited comprise approximately HK$171.98 million cash and approximately 230 million shares of Franshion Properties (China) Limited which is listed on the Stock Exchange.

The Directors are optimistic on the long-term prospects of the PRC property market. As a result of the continuing increase in the population and on-going and accelerated process of the urbanization, the Directors expect that the demand for residential properties will continue to increase in the PRC. In addition, the PRC Government has launched fiscal and monetary policies and measures to stimulate domestic consumption and to encourage a stable development of the property market in the PRC and the Group would capture opportunities arising from such economic stimulating measures.

The Enlarged Group will continue to: (i) strive to build high quality real estates; (ii) strengthen its core competencies in real estate development; and (iii) focus on specialised construction business. The Enlarged Group will continue to adopt a prudent and pragmatic approach in its business development by exploring appropriate business opportunities on a low cost basis as well as seeking the most efficient use of the Enlarged Group's financial resources.

Going forward, the Directors expect that the Group's real estate development business will be a major contributor to the results of the Enlarged Group and the Group will endeavour to focus its financial and human resources to further advance its business segments where its competitive strengths lie with the aim of maintaining the growth momentum of the Enlarged Group. The inclusion of the Targets in the Group enhances the Enlarged Group's portfolio of real estate development projects and the Directors believe that the recurring operating results from the Group's real estate development business will contribute steadily to the Enlarged Group's future growth.

The following is the text of a letter and valuation prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited in connection with its valuation of the property interests to be acquired as at 31 August 2009.

Vigers Appraisal and Consulting Limited
International Property Consultants
10/F, The Grande Building
398 Kwun Tong Road, Kowloon, Hong Kong
Tel: (852) 2810 1100 Fax: (852) 3101 9041
www.Vigers.com

30th November 2009

The Board of Directors
Minmetals Land Limited
18th Floor, China Minmetals Tower
No. 79 Chatham Road South
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the various properties to be acquired by "Minmetals Land Limited" (referred to as "the Company") and/or its subsidiaries (hereinafter together referred to as "the Group"), we confirm that we have inspected the properties, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of values of the properties as at 31st August 2009 (the "Valuation Date").

BASIS OF VALUATION

Our valuations are our opinion of market values of the properties which is defined as intended to mean "*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller on an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*". Our valuations have been prepared in accordance with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

PROPERTY CATEGORISATION

In the course of our valuations, we have categorized the properties in concern into two groups.

Group I

The properties in Group I are to be acquired by the Group under development in the People's Republic of China ("the PRC"). In our valuations, we have valued the properties on the basis that the properties will be developed and completed in accordance with the Group's latest development proposals and/or planning approvals provided to us as of the Valuation Date. In arriving at our opinion of values, we have taken the development costs already expended and to be expended into consideration in order to reflect the quality of the completed developments. In the course of our valuations, we have valued the properties by adopting comparison method of valuation on the assumption that the properties can be sold with the benefit of vacant possession. Comparisons based on prices realized on actual sales and/or offerings of comparable properties have been made. Comparable properties with similar sizes, character, location and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the properties in order to arrive at the fair comparison of values.

Group II

The properties in Group II are the properties to be leased by the Group in the PRC. We are of the opinion that the properties in concern have no commercial value due to the prohibition against assignment or sub-letting or otherwise due to lack of substantial profit rent(s) and/or the short term nature of the interests thereof.

TITLE INVESTIGATION

The properties are located in the PRC, and we have been given extracted copies of relevant title documents for the properties but we have not checked the titles to the properties nor scrutinized the original title documents. We have relied on the advice given by the Group and its legal advisors on the laws of the PRC, Jun He Law Offices (hereinafter referred to as the "PRC Legal Advisors") regarding titles to the properties located in the PRC. For the purpose of our valuations, we have taken the legal due diligence report prepared by the PRC Legal Advisors into account. While we have exercised our professional judgement in arriving at our valuations, you are urged to consider our valuation assumptions with caution.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the properties can be sold in the prevailing market in existing state without the effect of any deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which may serve to affect the values of the properties, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the properties, and no allowance is made for the properties to be sold to a single party and/or as a portfolio or portfolios.

In valuing the properties, we have assumed that the owners of the properties have free and uninterrupted rights to use and assign the properties during the whole of the respective unexpired land-use rights' terms granted subject to the payment of usual land-use fees.

No investigation has been carried out to determine the suitability of the ground conditions or the services for any property development(s) erected or to be erected on the properties. Our valuations have been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties being valued for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties are free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the values of the properties.

We have not carried out detailed on-site measurement to verify the correctness of the site and floor areas in respect of the properties but we have assumed that the site and floor areas shown on the documents handed to us are correct.

Other special assumptions for each of the property have been stated in the footnotes of the valuation certificate for the respective property, if any.

VALUATION CONSIDERATION

We have inspected the properties included in the attached valuation certificate. During the course of our inspections, we did not note any serious defect. However, no structural survey nor test on any of the services has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly in respect of planning approvals, statutory notices, easements, tenure, land-use rights, development costs expended and to be expended, site areas, floor areas, occupancy status and in the identification of the properties.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

REMARKS

We declare hereby that we are independent to the Group and we are not interested directly or indirectly in any shares in any member of the Group. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Renminbi ("RMB"), the lawful currency of the PRC. If applicable, the exchange rate adopted for the conversion of RMB, to Hong Kong Dollars ("HK$"), the lawful currency of Hong Kong, is RMB0.88087 to HK$1.00 which was prevailing as at the Valuation Date.

We enclose herewith our Summary of Values and Valuation Certificates.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
David W. I. Cheung
MRICS MHKIS RPS(GP) CREA MCIArb
Executive Director

Note: Mr. David W. I. Cheung, who has joined Vigers Appraisal and Consulting Limited since 2006, is a Registered Professional Surveyor in General Practice Division with over 25 years' valuation experience on properties in various regions including Hong Kong, Macao and the PRC, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises.

SUMMARY OF VALUES

No.	Property Address	Capital Value in Existing State as at 31st August 2009	Interest to be attributable to the Group	Capital Value to be attributable to the Group as at 31st August 2009
Group I – Properties to be Acquired by the Group in the PRC under Development				
1.	LOHAS International Community, Gaoyun Road, Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, The PRC	RMB1,281,000,000 (or equivalent to HK$1,454,244,099)	49%	RMB627,690,000 (or equivalent to HK$712,579,609)
2.	Scotland Town, Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, The PRC	RMB755,000,000 (or equivalent to HK$857,107,178)	100%	RMB755,000,000 (or equivalent to HK$857,107,178)
3.	Minmetals International, East of Yingbin Main Road, South of Tuochang Road, Tanggu District, Tianjin, The PRC	RMB500,000,000 (or equivalent to HK$567,620,648)	100%	RMB500,000,000 (or equivalent to HK$567,620,648)
Sub-total		RMB2,536,000,000		RMB1,882,690,000
Group II – Properties to be Leased by the Group in the PRC				
4.	Unit 13-3-501, Haijing North Garden, Henan Road, Tanggu District, Tianjin, The PRC			No commercial value

No.	Property Address	Capital Value in Existing State as at 31st August 2009	Interest to be attributable to the Group	Capital Value to be attributable to the Group as at 31st August 2009
5.	Villa No. 10-157, Second Main Street, Tianjin Economic Development Zone, Tianjin, The PRC			No commercial value
6.	Unit 6-402, Jiangli Garden Estate, Tianjin Development Zone, Tianjin, The PRC			No commercial value
7.	Unit 601 in Block 23, No. 7 Zhanwang Road, Tianjin Development Zone, Tianjin, The PRC			No commercial value
8.	An advertising sign in the Green Area and an advertising bay on 2nd Floor on Changsha Wen Jing Recreational Golf Course, Changsha, Hunan Province, The PRC			No commercial value
9.	A glass partitioned room next to the escalator on the 2nd basement, Wang Fu Jing Merchandise Store, Huangxing Road, Changsha, Hunan Province, The PRC			No commercial value
10.	Exhibition Spot in the hall on 1st basement level, Ping He Tang Dongtang Branch, Changsha, Hunan Province, The PRC			No commercial value
11.	Promotion venue in front of the concierge counter in the Lobby of Shao Yang Zi Xin Hotel, No. 579 Baoqing Road Central, Changsha, Hunan Province, The PRC			No commercial value
12.	Yu Hua Ting commercial atrium B1-P-01 and B1-P-04, Jia Xin Mao Plaza, No. 421 Shaoshan Road Central, Changsha, Hunan Province, The PRC			No commercial value

No.	Property Address	Capital Value in Existing State as at 31st August 2009	Interest to be attributable to the Group	Capital Value to be attributable to the Group as at 31st August 2009
13.	Promotion counter L1-P-58, L1-P-59 and L1-P-60 on a side of Xinjian Road, Jia Xin Mao Wai Plaza, Changsha, Hunan Province, The PRC			No commercial value
14.	Promotion counter in front of the concierge counter, Zhuzhou Hua Tian Hotel, No. 1 Changjiang Road North, Tian Yuan District, Zhuzhuo City, Wunan Province, The PRC			No commercial value
15.	Promotion counter in front of the concierge counter, Ming Yuan Jia Cheng Hotel, Nuxing Road North, Nudi, Wunan Province, The PRC			No commercial value
16.	Units 1001, 1002 and 1003 on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC			No commercial value
17.	Unit 1004 on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC			No commercial value

No.	Property Address	Capital Value in Existing State as at 31st August 2009	Interest to be attributable to the Group	Capital Value to be attributable to the Group as at 31st August 2009
18.	Unit 10E on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC			No commercial value
19.	Unit 1 on the 1st Floor, North Tower, Best-One International New City, No. 337 Furong Road Central Second Section, Yuhua District, Changsha City, Hunan Province, The PRC			No commercial value
Sub-total				No commercial value
GRAND TOTAL		RMB2,536,000,000		RMB1,882,690,000

VALUATION CERTIFICATE

Group I – Properties to be Acquired by the Group under Development

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
1.	LOHAS International Community, Gaoyun Road, Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, The PRC	"LOHAS International Community" will be a large-scale residential estate upon completion, and is planned to be developed into five phases with ancillary facilities such as clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden provided therein. The property, having a total net site area of approximately 608,212.00 square metres, is planned to be developed with a total planned gross floor area of approximately 1,107,415.00 square metres, including residential gross floor area of approximately 857,116.00 square metres, commercial gross floor area of approximately 13,962.00 square metres, and a total of approximately 3,500 car parking spaces. The remainder will comprise clubhouse and other ancillary facilities. The whole of the property is expected to be completed in 2013. The estimated development costs to completion of the property, as advised by the Group, is RMB2,092,571,575 (excluding marketing, finance and other indirect costs). The property is held under land-use rights for various terms with the last expiry date on 28th March 2078.	The property is in its progress of development.	RMB1,281,000,000 (or equivalent to HK$1,454,244,099) (49% interest to be attributable to the Group RMB627,690,000 (or equivalent to HK$712,579,609))

Notes (Property 1)

1. Pursuant to Stated-owned Land-use Rights Grant Contract and its Supplementary Contracts dated 30th October 2007, 31st October 2007 and 28th March 2008 respectively (together referred to as the "Grant Contracts"), 湖南嘉和日盛房地產開發有限公司 agreed to acquire the land-use rights of a land located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with total net site area of approximately 608,212.00 square metres. According to the Grant Contracts, the property is subject to the following development conditions:

User	:	Residential
Total gross floor area	:	Not exceeding 671,305.80 square metres (plot ratio not exceeding 2.2) and site coverage not exceeding 30.00% for portion of the property with site area of 305,139.00 square metres; and not less than 547,255.66 square metres (plot ratio not exceeding 1.67) and site coverage not exceeding 23.02% for portion of the property with site area of 327,698.00 square metres

Building covenant	:	To complete construction works by 30th May 2011 for portion of the property with site area of 305,139.00 square metres; and to complete construction works by 28th March 2010 for portion of the property with site area of 327,698 square metres

2. Pursuant to Certificates of State-owned Land-use (Document Nos.: Chang Guo Yong (2009) Nos. 0229 and 0230 and Chang Guo Yong (2009) Nos. 0091, 0092 and 0093) dated 11th June 2008 and 18th May 2009 respectively, the land-use rights of five parcels of land located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with total net site area of approximately 608,212.00 square metres is vested in the name of "五礦建設(湖南)嘉和日盛房地產開發有限公司" with land-use rights' terms to be expired on 31st October 2077 and 28th March 2078 for residential uses.

3. Pursuant to Permission Certificate for Construction Land-Use Planning (Document No: Chang Gui Zheng Zheng No. 200806007) dated 25th June 2008, a parcel of land located at Muyun Town, Changsha County in Hunan Province with total site area of approximately 632,837.00 square metres is in compliance with the urban and rural planning requirements.

4. Pursuant to Permission Certificates for Construction Works Planning (Document Nos.: Chang Jian Nos. 2008070003, 200812002 and 200904003) dated 10th July 2008, 9th December 2008 and 15th April 2009 respectively, the construction works of the property with floor area of approximately 102,305.00 square metres are in compliance with the urban and rural planning requirements.

5. Pursuant to an Official Reply to Construction Detail Planning of LOHAS International Community (Document No.: Chang Xian Gui Han (2008) No. 10) dated 5th June 2008, the construction works of the property with floor area of approximately 1,107,415.00 square metres, including 971,077.00 square metres (above ground) and approximately 136,338.00 square metres (underground), are in compliance with the urban and rural planning requirements.

6. Pursuant to Permission Certificates for Construction Works Commencement (Document Nos.: 430108200808010201, 430108200808010101, 430108200903040101 and 430108200905150101) dated 1st August 2008, 4th March 2009 and 4th March 2009 respectively, the foundation and construction works of the property with floor area of approximately 102,305.00 square metres are in compliance with the requirements for construction works commencement.

7. Pursuant to Pre-sale Permits for Commodity Housing (Document Nos.: Chang Xian Fang Shou Xu Zi [2008] Nos. 72, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108) all dated 3rd November 2008, part of the property with gross floor area of approximately 66,096.00 square metres has been approved for pre-sale.

8. The property was acquired on 31st October 2007 and 28th March 2008 in a total consideration of RMB628,000,000, of which RMB507,400,000 has been settled as of the Valuation Date. The total development costs incurred up to the Valuation Date is RMB239,994,450 (excluding marketing and finance costs).

9. 59 residential units with residential gross floor area of approximately 13,181.83 square metres in the property are subject to various agreements for sale and purchase in total consideration of RMB66,894,519. Capital value in respect of this portion of the property reflects the total consideration aforesaid, and is included in our valuation shown above.

10. The capital value of the property as if completed as at the Valuation Date is RMB5,956,894,519, inclusive of the parts and portions that are presold and the aggregate value of which is stated in at its contracted amount.

11. A summary of major certificates as of the Valuation Date is shown as follows:

i.	State-owned Land-Use Rights Grant Contract	Yes
ii.	Certificate of State-owned Land-use	Yes
iii.	Permission Certificate for Construction Land-Use Planning	Yes
iv.	Permission Certificate for Construction Works Planning	Part
v.	Permission Certificate for Construction Works Commencement	Part
vi.	Pre-sale Permit for Commodity Housing	Part
vii.	Construction Works Completion Inspection Report	No

12. The PRC Legal Advisors have stated in their legal due diligence report, including but not limited to the following:

i. The property is vested in the name of "五礦建設(湖南)嘉和日盛房地產開發有限公司" which has the right to occupy, use, transfer, lease, mortgage or by other means dispose of the land-use rights of the property during its land-use rights term.

ii. "五礦建設(湖南)嘉和日盛房地產開發有限公司" has the right to develop the property.

iii. The pre-sale of the property complies with the laws of the PRC.

iv. For those portions of the property that have obtained Presale Permit for Commodity Housing and the relevant agreements for sale and purchase have been signed, "五礦建設(湖南)嘉和日盛房地產開發有限公司" has no right to transfer, lease, mortgage, or by other means dispose of them.

v. The property is subject to a mortgage agreement in favour of "招商銀行股份有限公司長沙分行" concerning 34 houses and the land in Phase 1 of the property with gross floor area of 61,853.13 square metres for a consideration of RMB100,000,000 (or equivalent to HK$113,524,130).

vi. The outstanding land-use right grant premium of the property is in the sum of RMB120,600,000 (or equivalent to HK$136,910,100).

vii The land-use of the property under State-owned Land-use Rights Grant Contract and Certificate of State-owned Land-use is "Residential". Relevant registration process and payment of additional premium, if demanded, is required for any change of land-use, including the planned commercial building to be erected on the property. The Company is advised to confirm with the relevant government authorities on whether application for the proposed change of land-use regarding portion of the property is required.

13. "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 established under the laws of the PRC with limited liability. Immediately before completion, the Company has 51% equity holding stake of "湖南嘉和日盛房地產開發有限公司". Immediately following Completion, "湖南嘉和日盛房地產開發有限公司" will become an indirect wholly-owned subsidiary of the Company.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
2.	Scotland Town, Yuntang Village and Yuetang Village, Muyun Town, Changsha County Hunan Province, The PRC	Scotland Town will be a large-scale residential estate comprising various detached houses, semi-detached houses, terrace houses, apartment blocks with ancillary commercial and institutional facilities and basement carpark provided therein upon completion. The property, having a total net site area of approximately 312,115.00 square metres, is planned to be developed with a total planned gross floor area of approximately 530,595.50 square metres, including residential gross floor area of approximately 365,087.50 square metres, commercial gross floor area of approximately 24,609.20 square metres and approximately 1,630 car parking spaces. The remainder will comprise clubhouse and other ancillary facilities. The property is expected to be completed in 2011. The estimated development costs to completion of the property, as advised by the Group, is RMB791,522,369 (excluding marketing, finance and other indirect costs). The property is held under land-use rights for commercial service and public facility uses to be expired on 13th December 2074.	The property is in its progress of development.	RMB755,000,000 (or equivalent to HK$857,107,178) (100% interest to be attributable to the Group: RMB755,000,000 (or equivalent to HK$857,107,178))

Notes (Property 2)

1. Pursuant to Confirmation of Stated-owned Land-use Rights Listing Transaction and Agreement of Land Supply dated 13th August 2004 and 11th November 2004 respectively (together referred to as the "Agreements"), "湖南中潤城鎮置業有限公司" agreed to acquire the land-use rights of a parcel of land located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with total net site area of approximately 312,115.00 square metres. According to the Agreements, the property is subject to the following development conditions:

User	:	Residential
Total gross floor area	:	Not exceeding 312,115.00 square metres
Building covenant	:	To complete construction works within six years from the date of construction works commencement

2 Pursuant to Certificates of State-owned Land-use (Document Nos.: Chang Guo Yong (2004) Nos. 507, 508 and 509) all dated 17th December 2004, the land-use rights of three parcels of land located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County in Hunan Province with total net site area of approximately 312,115.00 square metres is vested in the name of "湖南中潤城鎮置業有限公司" with land-use rights' term to be expired on 13th December 2074 for residential uses.

3. Pursuant to Permission Certificate for Construction Land-Use Planning (Document No: Chang Gui Zheng Zheng No. 200607019) dated 21st July 2006, a parcel of land located at Muyun Town, Changsha County in Hunan Province with total site area of approximately 312,115.00 square metres is in compliance with the urban and rural planning requirements.

4. Pursuant to Permission Certificates for Construction Works Planning (Document Nos.: Chang Jian Nos. 200710005, 200711006, 200711005, 200712004 and 200712005) dated 31st October 2007, 23rd November 2007, 19th December 2007 and 20th December 2007 respectively, the construction works of the property with floor area of approximately 150,079.00 square metres are in compliance with the urban and rural planning requirements.

5. Pursuant to Permission Certificate for Construction Works Commencement (Document No.: 430108200801040201) dated 4th January 2008, the foundation and construction works of the property with floor area of approximately 150,079.00 square metres are in compliance with the requirements for construction works commencement.

6. Pursuant to Pre-sale Permits for Commodity Housing (Document Nos.: Chang Xian Fang Shou Xu Zi [2008] Nos. 43, 126 and Chang Xian Fang Shou Xu Zi [2009] No. 22) dated 23rd July 2008, 22nd December 2008 and 23 April 2009 respectively, part of the property with gross floor area of approximately 54,094.00 square metres has been approved for pre-sale.

7. The property was acquired on 13th August 2004 in a total consideration of RMB75,170,000 which has been fully settled as of the Valuation Date. The total development costs (excluding land) incurred up to the Valuation Date is RMB232,597,591 (excluding marketing and finance costs).

8. 57 residential units with residential gross floor area of approximately 14,336.11 square metres in the property are subject to various agreements for sale and purchase in total consideration of RMB91,092,372. Capital value in respect of this portion of the property reflects the total consideration aforesaid, and is included in our valuation shown above.

9. The capital value of the property as if completed as at the Valuation Date is RMB2,441,092,372, inclusive of the parts and portions that are presold and the aggregate value of which is stated in at its contracted amount.

10. A summary of major certificates as of the Valuation Date is shown as follows:

i.	State-owned Land-Use Rights Grant Contract	Yes
ii.	Certificate of State-owned Land-use	Yes
iii.	Permission Certificate for Construction Land-Use Planning	Yes
iv.	Permission Certificate for Construction Works Planning	Part
v.	Permission Certificate for Construction Works Commencement	Part
vi.	Pre-sale Permit for Commodity Housing	Part
vii.	Construction Works Completion Inspection Report	No

11. The PRC Legal Advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The property is vested in the name of "湖南中潤城鎮置業有限公司" which has the right to occupy, use, transfer, lease, mortgage or by other means dispose of the land-use rights of the property during its land-use rights term.

   ii. "湖南中潤城鎮置業有限公司" has the right to develop the property.

   iii. The pre-sale of the property complies with the laws of the PRC.

   iv. For those portions of the property that have obtained Presale Permits for Commodity Housing and the relevant agreements for sale and purchase have been signed, "湖南中潤城鎮置業有限公司" has no right to transfer, lease, mortgage, or by other means dispose of them.

   v. The land-use of the property under State-owned Land-use Rights Grant Contract and Certificate of State-owned Land-use is "Residential". Relevant registration process and payment of additional premium, if demanded, is required for any change of land-use, including the planned commercial building to be erected on the property. The Company is advised to confirm with the relevant government authorities on whether application for the proposed change of land-use regarding portion of the property is required.

12. Immediately following Completion, "湖南中潤城鎮置業有限公司" will become an indirect wholly-owned subsidiary of the Company.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
3.	Minmetals International, East of Yingbin Main Road, South of Tuochang Road, Tanggu District, Tianjin, The PRC	"Minmetals International" will comprise two blocks of commercial, office and apartment building with basement carpark upon completion. The property, having a total net site area of approximately 20,786.10 square metres, is planned to be developed with a total planned gross floor area of approximately 181,157.00 square metres, including office gross floor area of approximately 100,081.00 square metres, commercial gross floor area of approximately 24,600.00 square metres, apartment gross floor area of approximately 20,000.00 square metres and approximately 819 basement car parking spaces. The property is expected to be completed in 2010. The estimated development costs to completion of the property, as advised by the Group, is RMB727,474,693 (excluding marketing, finance and other indirect costs). The property is held under land-use rights for commercial service and public facility uses to be expired on 16th April 2048.	The property is in the progress of development and is constructed up to 9-storey.	RMB500,000,000 (or equivalent to HK$567,620,648) (100% interest to be attributable to the Group: RMB500,000,000 (or equivalent to HK$567,620,648))

Notes (Property 3)

1. Pursuant to Stated-owned Land-use Rights Grant Contract of Tianjin (Document No.: 2007031) and its Supplementary Contract dated 4th June 2007 and 4th March 2008 respectively (together referred to as the "Grant Contracts"), "五礦置業(天津)濱海新區有限公司" agreed to acquire the land-use rights of a parcel of land located to the east of Yingbin Main Road and south of Tuochang Road in Tanggu District with total net site area of approximately 20,786.10 square metres. According to the Grant Contracts, the property is subject to the following development conditions:

User	:	Commercial service and public facilities
Plot ratio	:	6.8 for Plot No. 1(with site area of approximately 9,579.10 square metres) and 7.5 for Plot No. 2 (with site area of approximately 11,207.01 square metres)
Building covenant	:	To complete construction works by 9th August 2012

2. Pursuant to Certificates of State-owned Land-use (Document Nos.: Tang Dan Guo Yung (2008) Nos. 299 and 300) both dated 4th May 2008, the land-use rights of two parcels of land located to the east of Yingbin Main Road and south of Tuochang Road in Tanggu District with total net site area of approximately 20,786.10 square metres is vested in the name of "五礦置業(天津)濱海新區有限公司" with land-use rights' term to be expired on 16th April 2048 for commercial service and public facility uses.

3. Pursuant to Permission Certificate for Construction Land-Use Planning (Document No: 2007 Tang Gu Di Rang No. 0077) dated 14th April 2008, a parcel of land located to the east of Yingbin Main Road and south of Tuochang Road in Tanggu District with total site area of approximately 20,786.10 square metres is in compliance with the urban and rural planning requirements.

4. Pursuant to Permission Certificate for Construction Works Planning (Document No.: 2008 Tang Gu Jian Zheng No. 0071) dated 20th November 2008, the construction works of the property with floor area of approximately 181,157.00 square metres are in compliance with the urban and rural planning requirements.

5. Pursuant to Permission Certificates for Construction Works Commencement (Document Nos.: 12107081200812012 and 12107081200901003) dated 31st December 2008 and 3rd January 2009 respectively, the foundation and construction works of the property with floor area of approximately 183,267.00 square metres are in compliance with the requirements for construction works commencement.

6. The property was acquired on 4th March 2008 in a total consideration of RMB75,186,485 which has been fully settled as of the Valuation Date. The total development costs (excluding land) incurred up to the Valuation Date is RMB181,793,962 (excluding marketing and finance costs).

7. The capital value of the property as if completed as at the Valuation Date is RMB1,760,000,000.

8. A summary of major certificates as of the Valuation Date is shown as follows:

i.	State-owned Land-Use Rights Grant Contract	Yes
ii.	Certificate of State-owned Land-use	Yes
iii.	Permission Certificate for Construction Land-Use Planning	Yes
iv.	Permission Certificate for Construction Works Planning	Yes
v.	Permission Certificate for Construction Works Commencement	Yes
vi.	Pre-sale Permit for Commodity Housing	No
vii.	Construction Works Completion Inspection Report	No

9. The PRC Legal Advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The property is vested in the name of "五礦置業(天津)濱海新區有限公司" which has the right to occupy, use, transfer, lease, mortgage or by other means dispose of the land-use rights of the property during its land-use rights term.

   ii. "五礦置業(天津)濱海新區有限公司" has the right to develop the property.

   iii. "五礦置業(天津)濱海新區有限公司" has the right to occupy, use, transfer, lease, mortgage or by other means dispose of the property.

   iv. The land-use rights of the property is not subject to mortgage.

   v. All land-use rights grant premium has been fully settled.

10. Immediately following Completion, "五礦置業(天津)濱海新區有限公司" will become an indirect wholly-owned subsidiary of the Company.

Group II – Properties to be Leased by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
4.	Unit 13-3-501, Haijing North Garden, Henan Road, Tanggu District, Tianjin, The PRC	The property comprises a residential unit completed in or about 2003. The property has a gross floor area of approximately 95.69 square metres.	The property is for staff quarters and is subject to a tenancy agreement for a term from 20th September 2008 to 19th December 2009 at a rent of RMB2,100 per calendar month.	No commercial value

Notes (Property 4)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
5.	Villa No. 10-157, Second Main Street, Tianjin Economic Development Zone, Tianjin, The PRC	The property comprises a 2-storey villa completed in or about 2004. The property has a gross floor area of approximately 184.52 square metres.	The property is occupied as office and is subject to a tenancy agreement for a term from 1st January 2009 to 31st December 2009 at a rent of RMB24,231.7 per calendar month.	No commercial value

Notes (Property 5)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

    i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

    ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
6.	Unit 6-402, Jiangli Garden Estate, Tianjin Development Zone, Tianjin, The PRC	The property comprises a residential unit completed in or about 2002. The property has a gross floor area of approximately 108.90 square metres.	The property is for staff quarters and is subject to a tenancy agreement for a term from 25th June 2009 to 24th June 2010 at a rent of RMB2,500 per calendar month.	No commercial value

Notes (Property 6)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
7.	Unit 601 in Block 23, No. 7 Zhanwang Road, Tianjin Development Zone, Tianjin, The PRC	The property comprises a residential unit completed in or about late 90's. The property has a gross floor area of approximately 156.15 square metres.	The property is for staff quarters and is subject to a tenancy agreement for a term from 8th August 2009 to 7th February 2010 at a rent of RMB4,000 per calendar month.	No commercial value

Notes (Property 7)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
8.	An advertising sign in the Green Area and an advertising bay on 2nd Floor on Changsha Wen Jing Recreational Golf Course, Changsha, Hunan Province, The PRC	The property comprises two advertising signs in a golf course with the sizes of approximately 15.0 metres times 5.0 metres and of approximately 38.0 metres times 3.8 metres respectively.	The property is leased for two terms from 25th June 2009 to 25th June 2010 and from 15th October 2009 to 15th March 2010 at a total rent of RMB100,000.	No commercial value

Notes (Property 8)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
9.	A glass partitioned room next to the escalator on the 2nd basement, Wang Fu Jing Merchandise Store, Huangxing Road, Changsha, Hunan Province, The PRC	The property comprises a glass partition room on 2nd basement of a multiple-storey commercial building. According to the tenancy agreement, no area information is available.	The property is leased by the Group for advertising purpose with a term from 10th July 2009 to 9th January 2010 at a total rent of RMB80,000.	No commercial value

Notes (Property 9)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
10.	Exhibition spot in the hall on 1st basement level, Ping He Tang Dongtang Branch, Changsha, Hunan Province, The PRC	The property comprises a exhibition spot on the basement of a multiple-storey commercial building. The property has a total gross floor area of approximately 8.00 square metres.	The property is leased for a term from 20th August 2009 to 20th February 2010 at a rent of RMB26,000 per calendar month.	No commercial value

Notes (Property 10)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
11.	Promotion venue in front of the concierge counter in the Lobby of Shao Yang Zi Xin Hotel, No. 579 Baoqing Road Central, Changsha, Hunan Province, The PRC	The property comprises a promotion venue on the ground floor of a 19-storey hotel building completed in 2008. The property has a total gross floor area of approximately 14.40 square metres.	The property is leased for a term from 24th August 2009 to 24th November 2009 at a rent of RMB5,400 per calendar month.	No commercial value

Notes (Property 11)

1. The PRC Legal Advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement has title defect as the agreement was stamped by the Marketing Department but not the lessor's company stamp nor financial stamp.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
12.	Yu Hua Ting commercial atriums B1-P-01 and B1-P-04, Jia Xin Mao Plaza, No. 421 Shaoshan Road Central, Changsha, Hunan Province, The PRC	The property comprises various promotion atriums on the basement of a 4-storey commercial building (excluding the basement) completed in 2005. The property has a total gross floor area of approximately 21.00 square metres.	The property is leased for a term from 7th August 2009 to 5th September 2009 at a rent of RMB6,000 per calendar month.	No commercial value

Notes (Property 12)

1. The PRC Legal Advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement has title defects as the agreement was signed by the deputy only and without the lessor's stamp.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
13.	Promotion counters L1-P-58, L1-P-59 and L1-P-60 on a side of Xinjian Road, Jia Xin Mao Wai Plaza, Changsha, Hunan Province, The PRC	The property comprises various promotion counters on the ground floor of a 4-storey commercial building (excluding the basement) completed in 2005. The property has a total gross floor area of approximately 54.00 square metres.	The property is leased for a term from 1st July 2009 to 30th June 2010 at a rent of RMB10,000 per calendar month.	No commercial value

Notes (Property 13)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
14.	Promotion counter in front of the concierge counter, Zhuzhou Hua Tian Hotel, No. 1 Changjiang Road North, Tian Yuan District, Zhuzhuo City, Wunan Province, The PRC	The property comprises a promotion counter on the ground floor of a 26-storey hotel building completed in 2005. The property has a total gross floor area of approximately 7.00 square metres.	The property is leased for a term from 25th July 2009 to 24th October 2010 at a rent of RMB6,000 per calendar month.	No commercial value

Notes (Property 14)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
15.	Promotion counter in front of the Concierge Counter, Ming Yuan Jia Cheng Hotel, Nuxing Road North, Nudi, Wunan Province, The PRC	The property comprises a promotion counter on the ground floor of a 21-storey hotel building (excluding 2-level of basement) completed in 2008. The property has a total gross floor area of approximately 6.00 square metres.	The property is leased for a term from 12th August 2009 to 10th November 2009 at a total rent of RMB21,600.	No commercial value

Notes (Property 15)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
16.	Units 1001, 1002 and 1003 on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC	The property comprises three office units on the 10th floor of a 31-storey (excluding basements) office building completed in or about 2007. The property has a total gross floor area of approximately 298.89 square metres.	The property is leased by the Group for office use with a term of one year commencing on 6th August 2009 to 5th August 2010 at a rent of RMB11,000 per calendar month exclusive of utility charges and management fees.	No commercial value

Notes (Property 16)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
17.	Unit 1004 on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC	The property comprises an office unit on the 10th floor of a 31-storey (excluding basements) office building completed in or about 2007. The property has a gross floor area of approximately 93.90 square metres.	The property is leased by the Group for office use with a term of two years commencing on 6th August 2009 and expiring on 5th August 2011 at a rent of RMB3,500 per calendar month exclusive of utility charges and management fees.	No commercial value

Notes (Property 17)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
18.	Unit 10E on 10th Floor, North Tower, Best-one International New City, No. 359 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC	The property comprises an office unit on the 10th floor of a 31-storey (excluding basements) office building completed in or about 2007. The property has a gross floor area of approximately 87.39 square metres.	The property is leased by the Group for office use with a term of two years commencing on 1st August 2009 and expiring on 31st July 2011 at a rent of RMB4,456 per calendar month exclusive of utility charges and management fees.	No commercial value

Notes (Property 18)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

No.	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31st August 2009
19.	Unit 1 on the 1st Floor, North Tower, Best-One International New City, No. 337 Furong Road Central Second Section, Yuhua District, Changsha, Hunan Province, The PRC	The property comprises a property sales office on the 1st floor (ground floor) of a 31-storey (excluding basements) office building completed in or about 2007. The property has a gross floor area of approximately 227.60 square metres.	The property is leased by the Group as property sales office with a term of one year commencing on 10th October 2008 and expiring on 10th October 2009 at a total rental of RMB641,832 exclusive of utility charges and management fees.	No commercial value

Notes (Property 19)

1. The PRC advisors have stated in their legal due diligence report, including but not limited to the following:

   i. The tenancy agreement is valid and legal binding, and is enforceable to the parties thereto.

   ii. The owner of the property is a third party to the Group.

1. RESPONSIBILITY STATEMENT

This circular 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 circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL OF THE COMPANY

Information about the authorised and issued share capital of the Company are as follows:

Authorised:	*HK$*
10,000,000,000 ordinary shares of HK$0.10 each as at the Latest Practicable Date	1,000,000,000.00
Issued and fully paid:	
2,342,787,343 ordinary shares of HK$0.10 each as at the Latest Practicable Date	234,278,734.30
To be issued as fully paid on Completion:	
601,293,059 ordinary shares of HK$0.10 each	60,129,305.90

All the Shares rank pari passu in all aspects, including all rights as to dividend, voting and interests in the share capital of the Company.

3. 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 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 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:

Interests in Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Ms. He Xiaoli	Personal	30,000	0.0013%

Interests in underlying Shares

Interests in share options of the Company

As at the Latest Practicable Date, the following Directors had interests in the share options granted by the Company under the share option scheme of the Company adopted on 29 May 2003:

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
Mr. Qian Wenchao	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,473,333
Mr. He Jianbo	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	2,040,000
Mr. Yin Liang	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,360,000
Mr. Yan Xichuan	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,360,000
Ms. He Xiaoli	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,133,333

Note: These share options are exercisable 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.

Save as disclosed in this circular, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Director had entered, or proposed to enter into, a service contract with any member of the Enlarged Group which is not expiring or determinable by the Enlarged Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder) had any competing interests in a business which competes or is likely to compete with the business of the Enlarged Group.

6. DIRECTORS' 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 Enlarged 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 Enlarged Group, except that Mr. Tsui Ki Ting, who is a director of a subsidiary of the Company — 龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Property Co., Ltd.) ("DCNP"), 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.

7. 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 Enlarged Group is engaged in any litigation or arbitration 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 Enlarged Group.

8. MATERIAL ADVERSE CHANGES

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

9. EXPERTS

(a) The following are the qualifications of the experts who have given their opinions or advices which are contained in this circular:

Name	Qualifications
Access Capital	Licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Vigers	Independent property valuers
Jun He Law Office	PRC legal advisers

(b) As at the Latest Practicable Date, each of Access Capital, PricewaterhouseCoopers, Vigers and Jun He Law Office did not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

(c) As at the Latest Practicable Date, each of Access Capital, PricewaterhouseCoopers, Vigers and Jun He Law Office has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports, statements and references to its name in the form and context in which they are included. Such letters, reports and statements from Access Capital, PricewaterhouseCoopers, Vigers and Jun He Law Office are given as of the date of this circular for incorporation herein.

(d) As at the Latest Practicable Date, each of Access Capital, PricewaterhouseCoopers, Vigers and Jun He Law Office did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group, nor which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

10. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contract entered into in the ordinary course of business carried out by the Enlarged Group), have been entered into by any member of the Enlarged Group within the two years immediately preceding the date of this circular:

(a) a sale and purchase agreement dated 5 June 2008 and entered into between Minmetals Land Investments Limited (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 Nanjing JV and the formation of a joint venture in Nanjing 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"); Nanjing 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 Nanjing 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. Nanjing JV) to undertake the real estate development project on the Land, pursuant to which HKCo agreed to make contribution to the registered capital of Nanjing JV and Nanjing JV will change its legal status to become a Sino-foreign equity joint venture company upon completion;

(e) a conditional sale and purchase agreement dated 7 November 2008 (the "Luck Achieve Agreement") entered into between Minmetals Land Investments Limited (as purchaser), the Vendor (as seller) and Minmetals HK (as the seller's guarantor and warrantor) relating to the acquisition of the entire issued share capital of Luck Achieve Limited and as supplemented from time to time, for a consideration of HK$702,061,883 determined on 25 August 2009;

(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 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;

(h) a supplemental agreement dated 18 May 2009 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;

(i) an 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 issue by way of rights of one rights Share for every two existing Shares by the Company in June 2009 (the "Rights Issue");

(j) an irrevocable undertaking dated 18 May 2009 given by June Glory in favour of the Company to, among other things, to take up its full entitlement to the new Shares under the Rights Issue;

(k) a supplemental agreement dated 23 July 2009 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;

(l) an irrevocable undertaking dated 23 July 2009 given by the Vendor, Minmetals HK and June Glory in favour of the Company for, among other things, restoration of the Company's public float;

(m) a share placing and subscription agreement dated 13 August 2009 entered into between the Company, June Glory (as vendor) and BOCI Asia Limited (as placing agent) in relation to (i) the placement of 222,000,000 existing Shares at a placing price of HK$2.10 per Share by BOCI Asia Limited on behalf of June Glory; and (ii) the conditional subscription by June Glory of the number of new Shares placed by BOCI Asia Limited at the same price of HK$2.10 per Share; and

(n) the Acquisition Agreement.

11. MISCELLANEOUS

(a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the principal place of business in Hong Kong is at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The secretary of the Company is Ms. Chung Wing Yee who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(d) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents of the Enlarged Group 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, up to and including for 14 days from the date of this circular:

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

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix (including the Acquisition Agreement);

(c) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from Access Capital" of this circular;

(e) the accountant's report on the financial information of Jiahe Risheng, the text of which is set out in Appendix I to this circular;

(f) the accountant's report on the financial information of Tianjin Binhaixinqu, the text of which is set out in Appendix II to this circular;

(g) the accountant's report on the financial information of Zhongrun Chengzhen, the text of which is set out in Appendix III to this circular;

(h) the accountant's report on the financial information of Nanjing JV, the extract of which is set out in Appendix V to this circular;

(i) the accountant's report on the financial information of Luck Achieve, the extract of which is set out in Appendix VI to this circular;

(j) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix VII to this circular;

(k) the valuation report prepared by Vigers, the text of which is set out in Appendix VIII to this circular;

(l) the PRC legal due diligence reports in relation to the property interests of the Project Companies prepared by Jun He Law Office;

(m) the written consents referred to in paragraph 9 in this appendix;

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

(o) the interim report of the Company for the six months ended 30 June 2009;

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

(q) the supplemental circular dated 12 August 2009 issued by the Company; and

(r) the discloseable and continuing connected transaction circular dated 19 October 2009 issued by the Company.

五礦建設有限公司*
MINMETALS LAND LIMITED

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

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Minmetals Land Limited (the "Company") will be held at Garden Rooms, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 16 December 2009 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:-

ORDINARY RESOLUTION

1. "THAT

(a) the Acquisition Agreement (as defined and described in the circular of the Company dated 30 November 2009 and a copy of which has been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one of the directors of the Company ("the Director") be and is hereby authorised to do all other acts and things and execute all documents which he considers necessary, desirable or expedient for the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder with any changes as such Director may consider necessary, desirable and expedient."

By Order of the Board of
Minmetals Land Limited
He Jianbo
Managing Director

Hong Kong, 30 November 2009

* *For identification purpose only*

Notes:

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjournment thereof should they so wish.

3. The register of members of the Company will be closed from Friday, 11 December 2009 to Wednesday, 16 December 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the abovementioned meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 10 December 2009.

4. The votes at the abovementioned meeting will be taken by poll.