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 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).

五礦建設有限公司*

MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 230)

CO-OPERATION AGREEMENT INVOLVING A MAJOR TRANSACTION

A letter from the Board is set out on pages 4 to 9 of this circular.

* *For identification purpose only*

12 March 2010

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

"Announcements"	the announcements made by the Company in connection with the Transaction on 8 January 2010, 13 January 2010 and 29 January 2010;
"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;
"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;
"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;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	the consideration payable by the Joint Partners under the Co-operation Agreement in relation to the Land, subject to adjustments;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Co-operation"	the entering into of the joint venture agreement between the Company and the JV Partner for the development of the Land;
"Co-operation Agreement"	the agreement dated 8 January 2010 entered into between the Joint Partners and the Co-organiser and its supplemental agreements dated 8 January 2010 relating to the Transaction;
"Co-organiser"	a company established in the PRC and designated by the local government of Hebei Province to organise the relocation and other preparation of the Land for development;

"Director(s)"	directors (including independent non-executive directors) of the Company;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"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 which is owned as to 51% by the Company;
"Joint Partners"	the Company and the JV Partner;
"Joint Venture"	the joint venture between the Joint Partners in the ownership and operation of the development of the Land;
"June Glory"	June Glory International Limited, a company incorporated in the British Virgin Islands and the immediate controlling shareholder of the Company;
"JV Partner"	a company established in the PRC which has entered into the Co-operation Agreement as the joint partner of the Company, principally engaged in real estate business;
"Land"	the piece of land situated in Xianghe County, Langfang City of Hebei Province, the PRC with a site area of up to approximately 534 hectares for construction and ancillary infrastructure use;
"Latest Practicable Date"	10 March 2010, 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 HK"	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong 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"	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);
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	ordinary share(s) 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;
"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;
"Transaction"	the transaction contemplated under the terms and conditions of the Co-operation Agreement;
"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
"%"	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 RMB1.00 to HK$1.1369. Such conversion should not be construed as a representation that any amount has 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, *Deputy Managing Director*

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

12 March 2010

To the Shareholders,

Dear Sir or Madam,

CO-OPERATION AGREEMENT INVOLVING A MAJOR TRANSACTION

INTRODUCTION

On 8 January, 13 January and 29 January 2010, the Board announced that the Company has, together with the JV Partner, entered into the Co-operation Agreement with the Co-organiser in relation to the preparation of a piece of land located in Xianghe County, Langfang City of Hebei Province, the PRC (i.e. the Land) for development by the Joint Partners. The Land has a site area ranging from an initial phase of approximately 20 hectares of land to approximately 534 hectares of land in total.

The purpose of this circular is to provide you with, among other things, further particulars of the Transaction and the financial information of the Group.

* *For identification purpose only*

THE CO-OPERATION AGREEMENT DATED 8 JANUARY 2010

Parties

(1) the Company;

(2) the JV Partner, collectively with the Company, as Joint Partners; and

(3) the Co-organiser.

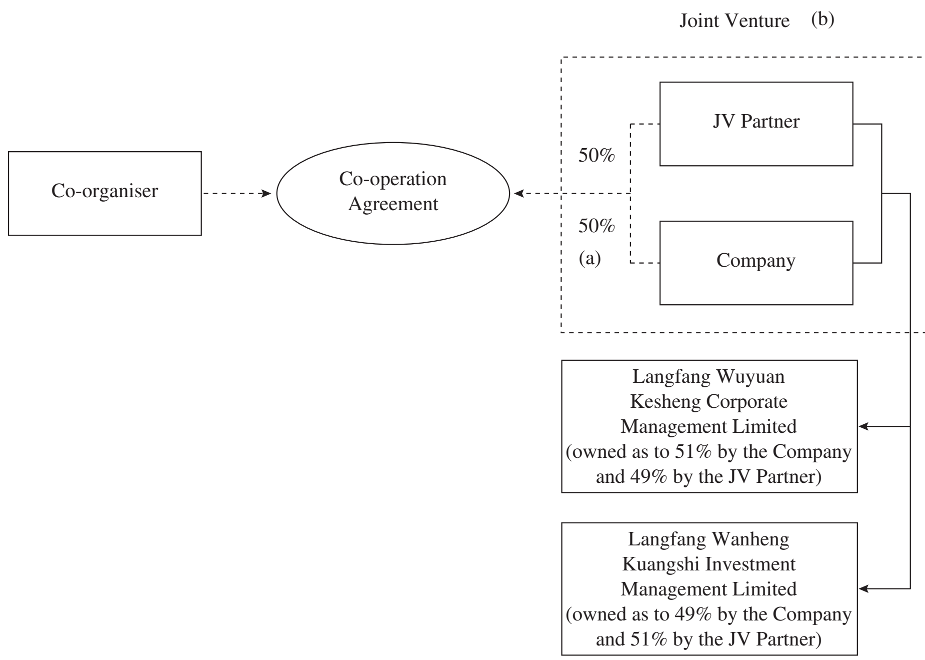
As far as the Board is aware after making all reasonable enquiries, the JV Partner is engaged in real estate business and is a wholly-owned subsidiary of a company engaged in real estate business across 20 cities in Pearl River Delta, Yangtze River Delta and Bohai-Rim Region whose shares are listed on the Shenzhen Stock Exchange. The Co-organiser is an entity established in the PRC and designated by the local government of Hebei Province to organise the relocation and other preparation of the Land for development. The Company confirmed that to the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the JV Partner, its ultimate beneficial owner and, the Co-organiser, its holding company and the substantial shareholders of the holding company were as at the date of the Co-operation Agreement independent parties of the Company and its connected persons and not connected persons of the Company.

Subject Matter

The Transaction involves the formation of the Joint Venture, a 50:50 co-operation arrangement between the Joint Partners, and the arrangement between the Joint Partners and the Co-organiser in relation to the Land. The Company is still in discussion with the JV Partner on the details of this Joint Venture, but has following the execution of the Co-operation Agreement on 3 February 2010 initially set up two consultancy companies, one of which (namely Langfang Wuyuan Kesheng Corporate Management Limited (廊坊五園科勝企業管理有限公司)) is held as to 51% and the other (namely Langfang Wanheng Kuangshi Investment Management Limited (廊坊萬恒曠世投資管理有限公司)) as to 49% of the issued share capital by the Company and as to the balance of the issued share capital by the JV Partner. The Company had no specific intention to set up the two consultancy companies as at the date of the Co-operation Agreement and as at the date of the further announcement on 13 January 2010. Each of these two companies has a nominal registered capital of US$20 million each (equivalent to approximately HK$156 million).

Following the setting up of Langfang Wuyuan Kesheng Corporate Management Limited, the JV Partner has become a substantial shareholder of a subsidiary of the Company and a connected person of the Company, and further transactions entered into with the JV Partner will constitute connected transactions for the Company. The Joint Partners may use these two companies as the corporate vehicles to operate the Joint Venture and is still finalising the terms on, among other things, the total investment and registered capital and the operating terms of these two companies. Langfang Wanheng Kuangshi Investment Management Limited, which is owned as to 49% by the Group, will be accounted for as an associated company; whereas Langfang Wuyuan Kesheng Corporate Management Limited, which is owned as to 51% by the Group, is expected to be accounted for in the books of the Company as a subsidiary on a consolidated basis.

The following diagram illustrates the contractual relationship between the Company, the JV Partner, the Co-organiser and the two consultancy companies:



Notes:–

(a) Pursuant to the Co-operation Agreement, the JV Partner and the Company will form the Joint Venture on a 50:50 basis. The Group will be liable for 50% of the Consideration.

(b) Two consultancy companies, namely Langfang Wuyuan Kesheng Corporate Management Limited (廊坊五園科勝企業管理有限公司) and Langfang Wanheng Kuangshi Investment Management Limited (廊坊萬恒曠世投資管理有限公司) have been formed by the Joint Partners. Langfang Wuyuan Kesheng Corporate Management Limited (廊坊五園科勝企業管理有限公司) is owned as to 51% by the Company and 49% by the JV Partner, whereas Langfang Wanheng Kuangshi Investment Management Limited (廊坊萬恒曠世投資管理有限公司) is owned as to 49% by the Company and 51% by the JV Partner. The Joint Partners may use these companies as the corporate vehicles to operate the Joint Venture.

Subject to obtaining the necessary consent as set out in the section headed "Conditions and completion" below, the Co-organiser will organise the preparation of the Land for delivery of the Land to the Joint Partners for development. The Land will initially comprise a piece of land with a site area of approximately 20 hectares for construction land use, and depending on the satisfactory completion of the various matters set out in the section headed "Conditions and completion" below may comprise two or more phases of land to add up to approximately 534 hectares in total. Once the Land is ready for development, the Land will be free from encumbrances of which 65% to 70% is expected to be used for construction land purpose. It has not been decided as to who will carry out the construction work in relation to the Land. The Land is currently occupied by local villagers and the Co-organiser shall arrange for relocation and compensation payment and other incidental attendance at its own cost in delivering the Land to the Joint Partners.

The Land will be made available for delivery to the Joint Partners in phases, the first phase of which is expected to be available in May 2010. As at the Latest Practicable Date, no part of the Land has been acquired. The timing for delivery of the final phase of the Land will be determined by the Co-organiser and the Joint Partners on or before 31 December 2010.

The Joint Partners intend to develop the Land into commodity houses which mainly comprise residential properties. The estimated construction cost is subject to further discussion between the Joint Partners on finalisation of the Joint Venture.

Consideration

The Consideration payable by the Joint Partners may, subject to adjustment, range from RMB266.40 million (equivalent to approximately HK$302.87 million) to RMB5,209 million (equivalent to approximately HK$5,922.11 million) and will be satisfied in cash in phases according to the progress of work in the preparation and delivery of the various phases of the Land to the Joint Partners for development. An initial deposit of RMB130 million (equivalent to approximately HK$147.80 million) has been paid. The remaining balance will be payable in stages for amounts ranging from RMB10 million (equivalent to approximately HK$11.37 million) to RMB387 million (equivalent to approximately HK$439.98 million) for the first two phases while the payment schedule for the final phase amounting to RMB3,223 million (equivalent to approximately HK$3,664.23 million) will be determined by the Co-organiser and the Joint Partners on or before 31 December 2010.

The Consideration may be increased in accordance with the terms of the Co-operation Agreement subject to a maximum cap of RMB6,304.30 million (equivalent to approximately HK$7,167.36 million), which constitutes the total consideration for the Transaction and already includes the cost of acquisition of the Land. The Company does not expect any additional amount to be required for the Acquisition. The Co-organiser will be liable to a default fine on any delay or other failure to deliver the Land to the Joint Partners. On the same basis, the Joint Partners will be liable to a default fine on any delay in payment of any instalment of the Consideration to the Co-organiser up to a limit of RMB200 million (equivalent to approximately HK$227.38 million).

The Group will bear 50% of the Consideration, ranging from RMB133.20 million (equivalent to approximately HK$151.44 million) to up to RMB2,604.50 million (equivalent to approximately HK$2,961.06 million) without taking into account any adjustment that may be made under the Co-operation Agreement. This would represent the range of the total investment that the Company may bear in this Joint Venture and the Company has entered into a memorandum of understanding to further such discussion with the JV Partner. As mentioned, the Company and the JV Partner have set up two consultancy companies, one of which (namely Langfang Wuyuan Kesheng Corporate Management Limited (廊坊五園科勝企業管理有限公司)) is held as to 51% and the other (namely Langfang Wanheng Kuangshi Investment Management Limited (廊坊萬恒曠世投資管理有限公司)) as to 49% of the issued share capital by the Company and as to the balance of the issued share capital by the JV Partner. Each of these two companies has a nominal registered capital of US$20 million each (equivalent to approximately HK$156 million). The Company may use these two companies as the corporate vehicles to operate the Joint Venture and is still finalising the terms on, among other things, the amount of the total investment and registered capital and the operating terms of these two companies as well as the development of the Land, but the Group will remain liable only for 50% of the overall Consideration. It is expected that the entering into of the Co-operation Agreement will remain a major transaction of the Company. The Company expects to finalise the terms of the Joint Venture by the end of March or early April 2010, and will comply with the applicable requirements under the Listing Rules where required when the final terms of the Joint Venture have been finalised.

The Consideration was determined based on arm's length negotiations among the parties and the land prices in the district.

Conditions and completion

Successful completion of the Transaction is unconditional but is subject to, among other things:

(a) the Co-organiser obtaining all necessary consents as required under the applicable PRC laws to vacate the Land; and

(b) the Co-organiser procuring the completion of all necessary works for the Land, including infrastructural works as required.

The successful completion of the transactions contemplated under the Co-operation Agreement is subject to, among other things, the finalisation of various legal documentation and the obtaining of various consents as set out in the Co-operation Agreement, which would include the signing of the relevant agreements for sale and/or transfer of the Land or any part of it to the Joint Partners. Under the terms of the Co-operation Agreement, the Co-organiser is required to comply with all relevant PRC laws and regulations in delivering the Land to the Joint Partners for development. Accordingly, the Joint Partners may or may not be able to obtain the entire or any part of the Land for development. Shareholders and potential investors should exercise caution when dealing in the Shares. The Company will comply with the applicable requirements under the Listing Rules where required as and when the Joint Venture acquires the Land or any part thereof.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

The Directors believe that the Transaction 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. The Directors consider that the Co-operation Agreement has been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given the size of the Land, and the branding and expertise of the JV Partner, the Board believes that it is in the interest of the Group to participate in the development of the Land by way of the Joint Venture with the JV Partner.

FINANCIAL EFFECTS OF THE TRANSACTION ON THE COMPANY

The Group intends to finance its share of the Consideration ranging from RMB133.20 million (equivalent to approximately HK$151.44 million) to RMB2,604.50 million (equivalent to approximately HK$2,961.06 million) without taking into consideration any potential adjustment that may be made under the Co-operation Agreement by internal resources and borrowings from financial institutions. No decision has yet been made as to the split by way of internal resources and external borrowings in funding the Consideration.

If the Consideration is to be financed by external borrowings, interest expenses will be incurred by the Group and charged to the income statement of the Group before the land use right relating to the Land is obtained. After the said land use right is obtained, any interest expenses incurred on the Land may be capitalised during the course of development. The directors expect that the interest expense should not have any material impact on the future earnings of the Group before revenue from the development of the Land could be recognised by the Group.

The Group is still finalising the corporate structure, including the corporate vehicles to be used to operate the Joint Venture which in turn may have an impact on the accounting treatment of these vehicles in the Group. The Group will provide further information in this respect once the final structure and terms of the Joint Venture have been finalised and in accordance with the Listing Rules as required.

IMPLICATIONS UNDER THE LISTING RULES

The Company will bear 50% of the Consideration, ranging from RMB133.20 million (equivalent to approximately HK$151.44 million) to RMB2,604.50 million (equivalent to approximately HK$2,961.06 million). The Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As mentioned above, the final terms of the Joint Venture are still under discussion, and no part of the Land has been acquired. The Company will comply with the applicable requirement under the Listing Rules where required as and when the final terms of the Joint Venture has been finalised, and the Land or any part thereof has been acquired by the Joint Venture.

Under the Listing Rules, the Transaction is subject to the approval of the Shareholders. As at the Latest Practicable Date, June Glory owned 1,464,918,447 Shares, representing approximately 53.61% of the issued share capital of the Company. Since none of the Shareholders had a material interest in the Transaction and was required to abstain from voting on the Transaction if a general meeting were held, written approval of June Glory was obtained on 6 January 2010 for the purpose of approving the Transaction, the Joint Venture and the transactions contemplated thereunder in lieu of an approval from the Shareholders at a shareholders' meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, the Company is not required to convene a general meeting for the purpose of approving the Transaction.

RECOMMENDATION

The Directors consider that the terms of the Co-operation Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned and the Transaction is in the interests of the Company and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the Transaction and the entering of the Co-operation Agreement if a physical meeting were to be held.

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

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

Segment revenue and results

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

Segment assets and liabilities

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

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

Other segment information

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

(b) Secondary reporting format – geographical segments

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

Hong Kong and Macau: Specialised construction, property investment, manufacturing and trading, and securities investment and trading

The PRC: Real estate development and project management, specialised construction, and manufacturing and trading

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

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

6 OTHER GAINS

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

7 EXPENSES BY NATURE

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

8 EMPLOYEE BENEFIT EXPENSE

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

(a) Directors' emoluments

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

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

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

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

Notes:

(i) Appointed on 7 December 2007

(ii) Resigned on 7 December 2007

(b) Five highest-paid individuals

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

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

The emoluments fell within the following bands:

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

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

9 FINANCE INCOME AND COSTS

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

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

10 TAX CHARGE

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

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

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

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

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

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

11 DISCONTINUED OPERATIONS

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

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

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

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

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

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

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

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

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

14 DIVIDENDS

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

15 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

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

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

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

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

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

16 INVESTMENT PROPERTIES

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

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

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Available-for-sale financial assets include the following:

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

23 RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

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

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

The Company

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

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

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

The Group

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

The Company

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

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

24 CASH AND CASH EQUIVALENTS

The Group

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

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

The Company

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

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

The Group

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

The Company

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

25 SHARE CAPITAL

	2008		2007	
	No. of shares	Amount	No. of shares	Amount
	('000)	*HK$'000*	*('000)*	*HK$'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	2008 Number of share options	2007 Number of share options
		HK$	*('000)*	*('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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	**Investment properties**	**Goodwill**
	HK$'000	*HK$'000*	*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 *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Exchange reserve *HK$'000*	Revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'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 *HK$'000*	31 December 2008 *HK$'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.

INDEBTEDNESS

Borrowings

As at the close of business on 31 January 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK$1,548.81 million, of which secured borrowings amounted to HK$928.73 million (comprising secured short-term bank loans of approximately HK$310.64 million, secured long-term bank loans of approximately HK$618.09 million) and unsecured borrowings amounted to HK$620.08 million (comprising unsecured short-term loans of HK$408.39 million and unsecured long-term loans of HK$211.69 million from minority investors of subsidiaries of the Company). As at the close of business on 31 January 2010, approximately HK$633.14 million (representing secured short-term loans of HK$310.64 million and secured long-term loans of HK$322.5 million) of the total borrowings of the Group was guaranteed by the Company through corporate guarantees while the remaining HK$915.67 million was not guaranteed by the Company.

Securities, charges and guarantees and contingent liabilities

As at the close of business on 31 January 2010, the aggregate outstanding borrowings of the Group amounting to approximately HK$928.73 million were secured by (i) pledged deposits of the Group of approximately HK$76.83 million; (ii) investment properties of the Group with carrying amounts of approximately HK$917.96 million; (iii) leasehold land and buildings of the Group with carrying amounts of approximately HK$59.76 million; (iv) properties under development of the Group with carrying amounts of approximately HK$981.57 million; and (v) corporate guarantees provided by the Company.

As at the close of business on 31 January 2010, the Group has provided guarantees in respect of mortgage facilities granted by certain banks in relation to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK$466.72 million.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 January 2010.

WORKING CAPITAL

After taking into account the available banking facilities and the internal resources of the Group, the Directors are of the opinion that the 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 2010

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 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 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 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 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 Group.

Although the PRC government will continue to detrude some measures on the property market, the current real estate development projects of the Group will be developed on schedule and it is expected that these projects will be financed by bank borrowings and sales proceeds.

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. 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	0.0011%

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. Yin 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.

3. 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 Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. 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 Group.

5. 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 Group.

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group, except that Mr. Tsui Ki Ting, who is a director of 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.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the 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 Group.

7. 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.

8. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contract entered into in the ordinary course of business carried out by the Group), have been entered into by any member of the 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), Mountain Trend Global Limited (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 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 Mountain Trend Global Limited, 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;

(n) the conditional sale and purchase agreement dated 13 November 2009 entered into between the Minmetals Land Investments Limited, a wholly-owned subsidiary of the Company (as purchaser), Mountain Trend Global Limited, a wholly-owned subsidiary of Minmetals HK (as seller) and China Minmetals (as the seller's guarantor and warrantor) relating to the acquisition of the entire issued share capital of each of the holding companies of the equity interests in Jiahe Risheng, Tianjin Binhaixinqu and Zhongrun Chengzhen respectively, for a consideration of HK$1,419,051,619;

(o) a share placing and subscription agreement dated 17 December 2009 entered into between the Company, June Glory (as vendor) and BOCI Asia Limited (as placing agent) in relation to (i) the placement of 430,000,000 existing Shares at a placing price of HK$2.45 per Share by BOCI Asia Limited on behalf of June Glory; and (ii) the conditional subscription by June Glory of 390,000,000 new Shares issued by the Company at the same price of HK$2.45 per Share; and

(p) the Co-operation Agreement.

9. 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 17M 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents of the 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 Co-operation Agreement);

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

(d) the interim report of the Company for the six months ended 30 June 2009;

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

(f) the supplemental circular dated 12 August 2009 issued by the Company;

(g) the discloseable and continuing connected transaction circular dated 19 October 2009 issued by the Company; and

(h) the major acquisition and connected transaction circular dated 30 November 2009 issued by the Company.