五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

Stock Code 股份代號 : 230

Annual Report
年報 2009

*For identification purpose only 僅供識別

About China Minmetals Corporation

關於中國五礦集團公司

China Minmetals Corporation ("China Minmetals"), founded in 1950, is a large sized State-owned corporation dealing worldwide in ferrous metals, non-ferrous metals, real estate, finance and logistics. China Minmetals' total revenue for 2009 reached approximately US$26.8 billion and was selected by the US Fortune Magazine in 2009 as one of the world top 500 enterprises, ranking 331.

In recent years, with the development of residential and industrial estate as principal, China Minmetals has diverted actively into commercial estate development, and building and installment business and thus has accumulated intense development resources for its real estate arm. It has residential and industrial estates in Pan Bohai Rim and the eastern and central part of China, with a total gross floor area of over 4.9 million square metres (over 4.2 million square metres is attributable to China Minmetals). Furthermore, China Minmetals has an industrial site in Yingkou City, Liaoning Province of over 30 square kilometers.

China Minmetals through China Minmetals H.K. (Holdings) Limited, its Hong Kong subsidiary, holds approximately 53.61% interest in Minmetals Land. Following the approval from the State-owned Assets Supervision and Administration Commission of the State Council for China Minmetals to include property development and operation as one of its core businesses, it has announced its intention to transform Minmetals Land into its sole listed real estate flagship. Through gradual asset injection and consolidation of its real estate resources, China Minmetals will achieve listing of its overall real estate business and eventually turn Minmetals Land into a leading and competitive real estate development corporation and bring the best return to its employees, Shareholders and the society as a whole.

中國五礦集團公司(「中國五礦」)於1950年成立，是以黑色金屬、有色金屬、房地產、金融及物流服務為主業，實行全球化經營的大型國有企業集團。2009年中國五礦營業額達268億美元，位列美國財富雜誌2009世界500強企業第331位。

近年來，中國五礦以住宅開發和工業地產為基礎，積極介入商業地產和建築安裝業務，積累了豐富的發展資源。其中，在環渤海、華東及中部經濟發達地區擁有住宅及商業用地，可開發總建築面積超過490萬平方米(中國五礦應佔實際權益超過420萬平方米)。另外，在遼寧省營口市擁有工業土地儲備佔地面積30平方公里。

中國五礦透過其於香港之附屬公司 — 中國五礦香港控股有限公司持有五礦建設約53.61%股權。國務院國有資產監督理委員會批准中國五礦增列房地產開發與經營為其中一項主營業務之後，中國五礦即宣佈以五礦建設為其房地產主業的唯一上市旗艦，通過逐步注資，整合旗下房地產資源，實現房地產業務的整體上市，最終將五礦建設打造成為一家具備競爭力和影響力的優秀房地產企業，為員工、股東和社會創造最大價值。

Projects under Development of China Minmetals

中國五礦發展中項目

省/市 Province/City	應佔土地面積 **Attributable land area** (平方米 sq.m.)	可開發總建築面積 **Total gross floor area** (平方米 sq.m.)	用途 Usage
• Tianjin 天津市	21,000 670,000	181,000 1,450,000	Office and commercial 寫字樓及商業 Residential 住宅
• Yingkou City, Liaoning Province 遼寧省營口市	30,000,000	N/A 不適用	Industrial and commercial 工業及商業
• Changsha City, Xiangtan City and Zhuzhou City, Hunan Province 湖南省長沙市、湘潭市及株洲市	1,044,000	3,106,000	Residential 住宅
• Kunming City,Yunnan Province 雲南省昆明市	210,000	121,000	Residential 住宅

五礦地產

Contents

Corporate Information

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

FINANCIAL CONTROLLER
Mr. Leung Kin Hong

COMPANY SECRETARY
Ms. Chung Wing Yee, Zoe

AUDITOR
PricewaterhouseCoopers
22nd Floor, Prince's Building,
Central, Hong Kong

PRINCIPAL BANKERS
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited

BRANCH SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712–1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong

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
Tel : 2613 6363
Fax : 2581 9823

WEBSITE
http://www.minmetalsland.com

2009 Events Highlights

APRIL
the joint venture company of Riveria Royale jointly formed with Pramerica Asia formally came into operation

MAY
the first rights issue exercise of Minmetals Land, raising funds of approximately HK$522.1 million

JUNE
Mr. Sun Xiaomin became Chairman of Minmetals Land to further develop the real estate development business

AUGUST
launching the first share placement exercise, raising funds of approximately HK$453.5 million

SEPTEMBER
completion of the second round asset injection exercise and brings in 230,469,921 shares of Franshion Properties (China) Limited (stock code: 0817) and cash of approximately HK$172 million

launching the pre-sale of Phase I of LOHAS International Community with encouraging results

NOVEMBER
signing of a co-operation agreement for the formation of a strategic alliance with China Merchants Bank Co., Ltd. and Minmetals Land was awarded with RMB3,000 million banking facilities

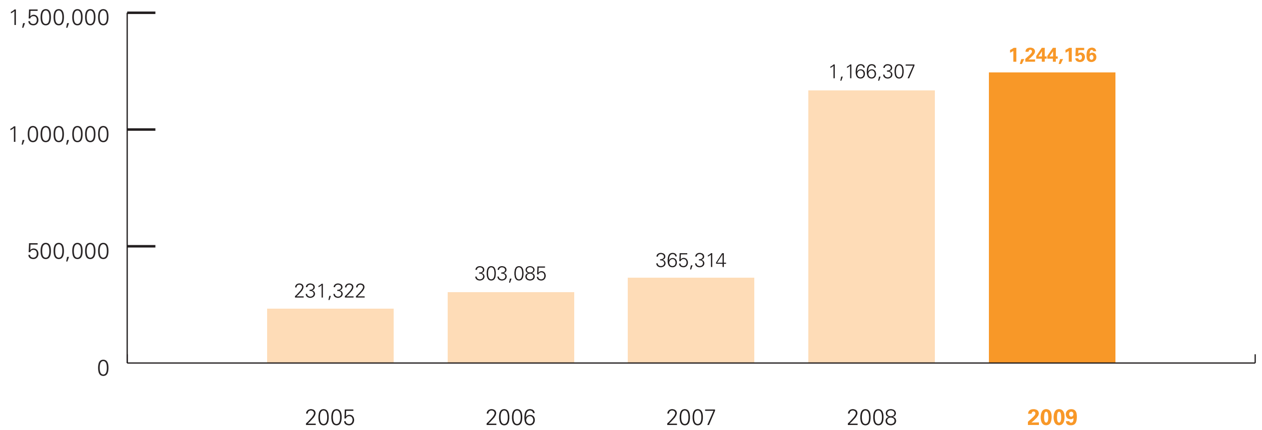
announced the third round asset injection exercise in respect of interests of China Minmetals in three real estate development projects in Changsha and Tianjin respectively where the Group's land bank will increase 40% and its business coverage extending to the Pan Bohai Rim region

DECEMBER
launching of another share placement exercise, raising funds of approximately HK$930.3 million

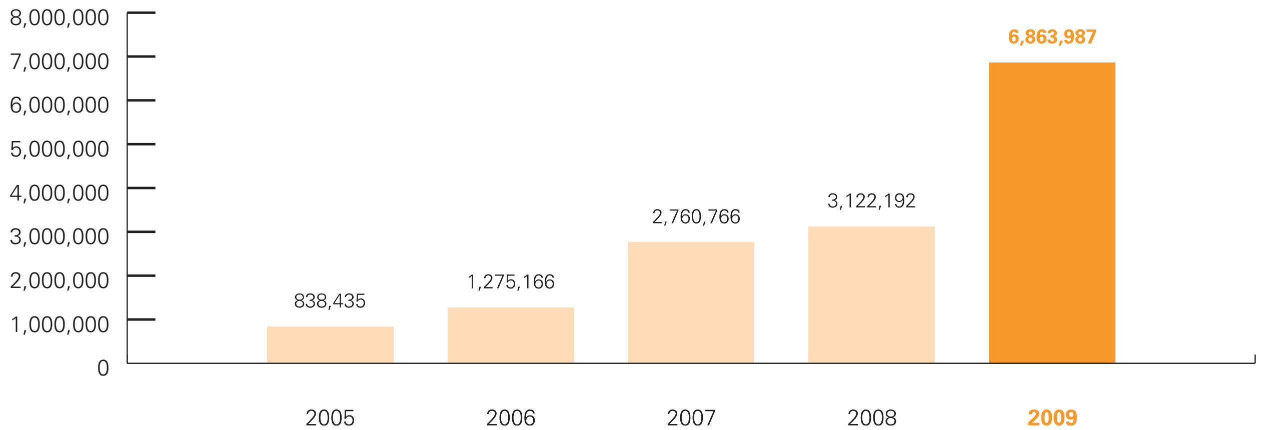
signing of co-operation agreements for the formation of strategic alliances with Agricultural Bank of China Limited and Bank of Communications Co., Ltd. and Minmetals Land was awarded with RMB7,000 million banking facilities

Financial Highlights

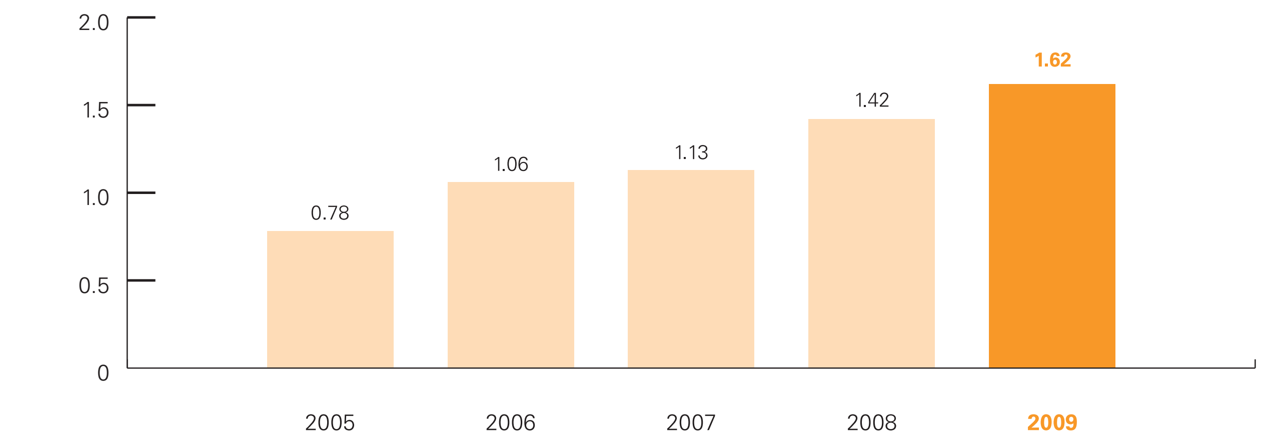
REVENUE (HK$'000)
For the year ended 31 December



TOTAL ASSETS (HK$'000)
As at 31 December



NAV PER SHARE (HK$)
As at 31 December



Five-Year Financial Summary

	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Results					
Revenue	**1,244,156**	1,166,307	365,314	303,085	231,322
Operating profit	**213,974**	182,894	151,420	106,671	22,732
Finance income	**13,316**	17,238	8,580	1,562	2,358
Finance costs	**(181)**	(400)	(1,561)	(948)	(583)
Profit before tax	**227,109**	199,732	158,439	107,285	24,507
Tax (charge)/credit	**(71,676)**	(70,948)	(229)	(1,440)	3,642
Profit for the year from continuing operations	**155,433**	128,784	158,210	105,845	28,149
(Loss)/profit for the year from discontinued operations	**–**	(475)	1,288	–	–
Profit for the year	**155,433**	128,309	159,498	105,845	28,149
Profit attributable to:					
Equity holders of the Company	**128,927**	140,864	162,653	105,845	28,149
Minority interests	**26,506**	(12,555)	(3,155)	–	–
Assets and liabilities					
Non-current assets	**1,664,858**	984,641	370,503	329,538	305,249
Current assets	**5,199,129**	2,137,551	2,390,263	945,628	533,186
Total assets	**6,863,987**	3,122,192	2,760,766	1,275,166	838,435
Capital and reserves attributable to equity holders of the Company	**4,419,658**	1,582,060	878,090	817,829	600,034
Minority interests	**314,673**	194,918	195,246	–	–
Total equity	**4,734,331**	1,776,978	1,073,336	817,829	600,034
Non-current liabilities	**614,152**	18,228	213,345	105,866	7,325
Current liabilities	**1,515,504**	1,326,986	1,474,085	351,471	231,076
Total liabilities	**2,129,656**	1,345,214	1,687,430	457,337	238,401
Total equity and liabilities	**6,863,987**	3,122,192	2,760,766	1,275,166	838,435

Group Properties

REAL ESTATE DEVELOPMENT PROJECTS

Nanjing

Project	:	**Laguna Bay**
Location	:	At the junction of Xue Si Road and Xue Qi Road, Science Park, Jiangning District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 310,296 square metres
Gross floor area	:	Approximately 317,089 square metres
Group's interest	:	71%
Expected construction completion date	:	4Q 2011

Project	:	**Riveria Royale**
Location	:	At No.188 Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 73,334 square metres
Gross floor area	:	Approximately 225,449 square metres
Group's interest	:	50.89%
Expected construction completion date	:	4Q 2011

Changsha

Project	:	**LOHAS International Community** (Note 1)
Location	:	At Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 632,837 square metres
Gross floor area	:	Approximately 1,064,579 square metres
Group's interest	:	51%
Expected construction completion date	:	4Q 2013

Project	:	**Scotland Town** (Note 1)
Location	:	At Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 312,115 square metres
Gross floor area	:	Approximately 530,596 square metres
Group's interest	:	100%
Expected construction completion date	:	2Q 2011

Tianjin

Project	:	**Minmetals International** (Note 1)
Location	:	At east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin, the PRC
Usage	:	Commercial/Residential
Site area	:	Approximately 20,786 square metres
Gross floor area	:	Approximately 181,157 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2010

Hebei

Project	:	**Hebei Project** (Note 2)
Location	:	Xianghe County, Langfang City, Hebei Province, the PRC
Usage	:	Residential
Site area	:	Expect approximately 33 hectares for Phase I
Gross floor area	:	to be confirmed
Group's interest	:	50%
Expected construction completion date	:	Phase I — 4Q 2011

Zhuhai

Project	:	**The Grand Panorama**
Location	:	At No. 39, Qinglu Zhonglu, Zhuhai, Guangdong Province, the PRC
Usage	:	Residential
Site area	:	Approximately 16,454 square metres
Gross floor area	:	Approximately 64,753 square metres
Group's interest	:	100%
Construction completion date	:	3Q 2008

MAJOR INVESTMENT PROPERTIES

Hong Kong

Building	:	**China Minmetals Tower**
Location	:	No. 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Usage	:	Commercial
Lease term	:	Long term

Building	:	**ONFEM Tower**
Location	:	No. 29 Wyndham Street, Central, Hong Kong
Usage	:	Commercial
Lease term	:	Long term

Notes:

1. On 13 November 2009, the Group entered into an acquisition agreement with one of the subsidiaries of China Minmetals for the acquisition of the remaining 49% interest of LOHAS International Community, and the entire interest in Scotland Town and Minmetals International. The said acquisition has been approved by Shareholders at the Company's special general meeting held on 16 December 2009. The interest of these real estate development projects will be wholly owned by the Group after completion of the acquisition.

2. On 8 January 2010, the Company announced the joint arrangements under a co-operation agreement in relation to a potential real estate development project in Xianghe County, Langfang City in Hebei Province. Details of the joint arrangements are contained in the Company's circular dated 12 March 2010.

Chairman's Statement

The Group aims to further enhance the efficiency of its project operation and the brand recognition of "Minmetals Land" for its urban residential projects.

Sun Xiaomin
Chairman

I am pleased to present to you the annual report of the Group for the financial year ended 31 December 2009.

2009 was a remarkable year for the Group.

China's economy faced tremendous challenges at the beginning of 2009 as a result of the global financial crisis. Consumers were extremely cautious due to the anticipation of possible downturn of the real estate market. This had led to a rapid reduction in transaction volume and a tightening of cash flow of real estate developers. Since the Central Government implemented a basket of economic measures, thus stabilizing the economy, the real estate market had managed to make a turnaround. During the first quarter of 2009, the local governments adopted preferential policies for real estate purchases, pent-up demand was then released from 2008 and the market began to recover. Transaction volume picked up considerably after the second quarter as both upgrade-driven and investment-driven demand entered the market. Meanwhile, the ease of obtaining financing and a high level of market liquidity facilitated real estate developers to pursue a new round of land purchases. The result was that property and land prices set new heights. In order to prevent over-heating of the market as well as an "asset bubble" from occurring, the Central Government took decisive actions by the end of 2009. It adopted a series of policies to curb soaring housing prices, which put an end to the preferential policies on house purchasing. At this point of time, the market became cautious again while the real estate market also showed an obvious sign of cooling.

RESULTS

Regardless of the complex external environment, the Group was able to analyze the situation calmly so as not to miss development opportunities with its utmost efforts. In 2009, the Company grasped market opportunities by launching products in a timely fashion. In September 2009, the pre-sale of both Phase I of LOHAS International Community in Changsha and Phase II of Laguna Bay – Xihu Yuan in Nanjing were launched and achieved encouraging results. During the year, the overall turnover of the Group rose from HK$1,166.3 million in 2008 to HK$1,244.2 million, a year-on-year growth of 6.7%. Profit for the year was HK$155.4 million, an increase of 21.1% compared with HK$128.3 million in 2008.

China Minmetals, our controlling Shareholder, fully supports the Group's business development and continues to inject its real estate assets into the Group, making the Group its sole listed real estate flagship. After the completion of the injection of 230,469,921 shares of Franshion Properties (China) Limited (stock code: 0817) and cash of approximately HK$172 million in September, the Company announced in November another large-scale asset injection by China Minmetals of its interests in three real estate development projects in Changsha and Tianjin into the Group. Following the completion of such asset injection, the Group's land bank will increase to over 2.3 million square metres.

Apart from the said asset injections, the Group undertook the Rights Issue in May and two Share Placements in August and December respectively, to capture the opportunities emerged in the market. Proceeds from the above fund-raising activities were approximately HK$2 billion. In addition, the Group signed co-operation agreements with few PRC banks, securing an aggregate credit facilities of approximately RMB10 billion for developing its projects on hand and new projects. Such capital raising activities underscored the success of the Group in diversifying its source of funding and optimizing its financial structure, which greatly strengthened the Group's financial position for future development.

Despite the intense competition in the land market during the year under review, the Group has been observing its prudent investment principle. It evaluated the investment risk in full perspective, and persisted in obtaining quality land at reasonable cost. The Group has recently taken part in a joint development with a well-known PRC real estate developer in respect of a piece of land with a maximum area of up to approximately 534 hectares located nearby Beijing in Xianghe County of Hebei Province for residential development.

STRATEGIES AND PROSPECTS

Under the effect of the implementation of government stimulus policies, growth in overall economy and strong market liquidity, the real estate industry rapidly recovered in 2009 and became overheated. At the end of 2009, government policies reversed from "supportive" and "stimulus" to "suppressive", aiming to suppress the rocketing housing prices and address the need to build more housing for lower income group. This move has had certain impact on the market sentiment; hence the market is expected to experience certain extent of fluctuations in the short-term, but it will promote the healthy development of the property industry in the long term. Given the above factors and the need for a self-correction of the sector, it is expected that the real estate market in 2010 would be on a more stable course of development. Leading real estate developers in the industry would enjoy greater advantages in obtaining land resources and funding, while market competition would focus on the front of professionalism and systems.

As such, the Group will continue to leverage on the strong financial base and globalized business connections of China Minmetals for the Group's business development. The Group aims to further enhance the efficiency of its project operation and the brand recognition of "Minmetals Land" for its urban residential projects. In terms of project investments, the Group will continue to adopt prudent approach on land acquisition. We will also strengthen the collaboration with our controlling Shareholder, make effective use of our financial resources, and obtain quality land resources at reasonable costs, thereby achieving a nationwide coverage of projects. The Group will continue to optimize its work-flow processes, raise operational efficiency and strengthen risk management.

ACKNOWLEDGEMENTS

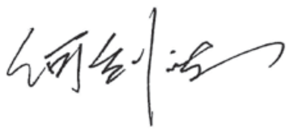
Finally, on behalf of the Board, I would like to express my sincere gratitude to our customers, business partners and Shareholders for their confidence and support to the Company. The Group will make its best efforts to enhance its profitability and bring satisfactory returns to our Shareholders, as well as quality products for our customers. We look forward to building up a prosperous future for the Group with our investors.

Sun Xiaomin
Chairman

Hong Kong, 30 March 2010

Management Discussion and Analysis

As the sole listed real estate flagship of China Minmetals, the Group has set its vision to become a leading real estate developer by constantly attending to clients' requirements, market trends and policy adjustments.



He Jianbo
Managing Director

As the sole listed real estate flagship of China Minmetals, the Group has set its vision to become a leading real estate developer by constantly attending to clients' requirements, market trends and policy adjustments. Geographically, the Group's real estate development projects are focused in the PRC where it seeks to foster long-term, sustainable growth through steady business development and by capitalizing upon the controlling Shareholder's strong presence and brand recognition in the PRC. In addition, the Group also operates two property-related core activities, namely specialised construction and property investment.

Against a backdrop of global economic crisis and the changes experienced in the operating environment in the PRC, the Group had dealt with the enduring challenges and made significant inroads and strategic achievements in 2009. The Group had launched sales programmes for its real estate development projects, and reaped the benefits of the strength of the PRC property market that prevailed during the year. The Group also successfully tapped the Hong Kong capital markets during the year raising net proceeds of HK$1,905.9 million for future acquisitions of land bank and investments. The committed support of the controlling Shareholder to the Group had also materialised through injection of real estate projects by China Minmetals into the Group, thereby enlarging the Group's real estate development portfolio.

All these developments had combined to lay a solid foundation for the Group, on which further growth can be built in the future.

CONSOLIDATED RESULTS

For the financial year ended 31 December 2009, the Group recorded a revenue of HK$1,244.2 million, a 6.7% increase compared with HK$1,166.3 million in the preceding financial year. The results reflect strong contribution from the operating segments of specialised construction and property investment.

For the year under review, profit for the year before minority interests increased by HK$27.1 million, from HK$128.3 million in 2008 to HK$155.4 million in 2009, representing a 21.1% increase. Basic earnings per Share for profit attributable to equity holders of the Company decreased from HK15.61 cents in 2008 to HK7.94 cents in 2009 mainly due to an enlarged Share capital base of the Company as a result of the Rights Issue and Share Placements during the year.

TOTAL REVENUE BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2009		2008		change
	HK$ million	%	HK$ million	%	%
Real estate development and project management	728.4	58.5	887.5	76.1	-17.9
Specialised construction	469.2	37.7	250.4	21.5	+87.4
Property investment	46.6	3.8	28.4	2.4	+64.1
Total revenue	1,244.2	100.0	1,166.3	100.0	+6.7

TOTAL RESULTS BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2009		2008		change
	HK$ million	%	HK$ million	%	%
Real estate development and project management	163.1	65.0	119.2	53.7	+36.8
Specialised construction	13.1	5.2	3.7	1.7	+254.1
Property investment	74.7	29.8	98.9	44.6	-24.5
Total segment profit	250.9	100.0	221.8	100.0	+13.1

REAL ESTATE DEVELOPMENT AND PROJECT MANAGEMENT

Currently, the Group's portfolio of real estate development comprises three projects in two cities in the PRC. The table below summarizes the position of the Group's real estate development projects as at 31 December 2009:

Location / Project	Site area (sq.m.)	Approximate gross floor area (sq.m.)	Attributable interest to the Group
Nanjing, Jiangsu Province			
– Laguna Bay	310,296	317,089	71.00%
– Riveria Royale	73,334	225,449	50.89%
Changsha, Hunan Province			
– LOHAS International Community	632,837	1,064,579	51.00%

Attributable profit from this operating segment for the year ended 31 December 2009 totaled HK$163.1 million compared with HK$119.2 million in 2008, principally attributable to the recognition of revenue from Phase I and Phase II of Laguna Bay and Part I of Phase I of LOHAS International Community.

Laguna Bay

The real estate market in the PRC experienced dramatic movements in 2009. Economic stimulus policies and various home purchase incentive schemes promulgated by the PRC regulatory authorities have shrugged off the negative impact of the global economic uncertainty and released significant consumer demand which led to a surge in the real estate market both in terms of transaction volume and price attained. It is, however, noteworthy that austerity measures had been announced towards the end of year 2009 aiming to check credit expansion and excessive speculation in the real estate market, which may have an impact on the projects undertaken by the Group. The management will continue to monitor the market movements and adjust strategies where and when necessary.

Pre-sale of property units in both Phase II of Laguna Bay and Part I of Phase I of LOHAS International Community in the second half of 2009 had yielded satisfactory results, buoyed by the strong buying interest and a direct result of the Group's active involvement in managing these projects, including on-going adjustments of project design and unit configuration to meet market trend and buyers' requirements.

REAL ESTATE DEVELOPMENT AND PROJECT MANAGEMENT (Cont'd)

Particulars of the Group's real estate development projects are set out below:

1. Laguna Bay

This residential project is located in Nanjing, Jiangsu Province measuring approximately 317,089 square metres gross floor area where the Group has a 71% interest. Laguna Bay is developed in three phases comprising villas, high-rise and low-rise units. Pre-sale of units first commenced in October 2007 and a total of 654 units comprising 73,668 square metres had been completed and delivered to purchasers in 2009, and accordingly, sales proceeds of approximately HK$477.2 million arising from the pre-sale had been recognized in 2009 (2008: Nil).

The pre-sale and completion schedules of this project are currently revised as below:

		Total gross floor area (sq.m.)		
	Total	Pre-sold up to end of 2009	Pre-sold up to end of 2008	Delivered in 2009
Phase I	84,006	57,478	33,570	57,478
Phase II	50,899	18,122	–	16,190
Phase III	182,184	–	–	–
Total	317,089	75,600	33,570	73,668

The Group is cautiously optimistic about the outlook for real estate market in Nanjing, with the scheduled operation of the city's metro system in 2010, which will be linked to the project site; and the impending completion of Ninghang Expressway. The prevailing market conditions will be closely monitored by the Group for the next phase of the pre-sale program.

2. Riveria Royale

This residential project is located in Jianye District in Nanjing of the Jiangsu Province scheduled to be developed into approximately 225,449 square metres of gross floor area, in which the Group has a 50.89% interest. This project comprises condominium units and villas, as well as a portion of commercial space. The relevant permits for construction had been granted during 2009 and construction works have commenced with the first pre-sale scheduled in the second quarter of 2010.

REAL ESTATE DEVELOPMENT AND PROJECT MANAGEMENT (Cont'd)

3. LOHAS International Community

The Group has a 51% interest in this residential project which is located in Changsha in Hunan Province with a site area of approximately 632,837 square metres. The project is a large-scale residential development of five phases with ancillary facilities such as clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden. The planned gross floor area is composed of approximately 1,064,579 square metres.


		Total gross floor area (sq.m.)		
	Total	**Pre-sold up to end of 2009**	Pre-sold up to end of 2008	**Delivered in 2009**
Phase I (Part I)	74,708	**54,952**	–	**40,903**
Phase I (Part II)	66,778	**–**	–	**–**
Phase II to Phase V	923,093	**–**	–	**–**
Total	1,064,579	**54,952**	–	**40,903**

As scheduled, this project will be completed in 2013. Part of the project with gross floor area of approximately 79,617 square metres has been approved for pre-sale, and pre-sale of Part I of Phase I was launched in September 2009. As of the end of the year, a total of 254 units had been contracted for sale with total contract sum of RMB295.0 million (2008: Nil). Construction works of Part II of Phase I has commenced.

The Group has recognized revenue of HK$235.6 million from LOHAS International Community in 2009.

FURTHER ACQUISITION OF PROJECTS

On 13 November 2009, the Group entered into an acquisition agreement with one of the subsidiary of China Minmetals for the acquisition of the remaining 49% interest in Jiahe Risheng and the entire interests in Tianjin Binhaixinqu and Zhongrun Chengzhen (the "Acquisition"). The total consideration of HK$1,419,051,619 will be satisfied in full by the allotment and issue of 601,293,059 new Shares at HK$2.36 per Share. The Acquisition will enlarge the Group's real estate development projects portfolio in attaining a wider geographical coverage in the PRC.

Jiahe Risheng

Jiahe Risheng is the project company which develops LOHAS International Community. It will become a wholly-owned subsidiary of the Company following the completion of the Acquisition.

Tianjin Binhaixinqu

Tianjin Binhaixinqu holds the land-use rights of a property located in Tanggu District of the Tianjin City with a site area of approximately 20,786 square metres for commercial service and public facility uses. Tianjin Binhaixinqu is in the progress of developing the property into a commercial complex named as "Minmetals International" which will comprise two blocks of commercial, office and residential buildings with basement carpark, with a planned gross floor area of approximately 181,157 square metres. This project is expected to be completed in December 2010.

Zhongrun Chengzhen

Zhongrun Chengzhen holds the land-use rights of a property located in Changsha City in Hunan Province with a site area of approximately 312,115 square metres. Zhongrun Chengzhen is in the progress of developing the property into a residential project named as "Scotland Town" with ancillary commercial and club house and basement carpark, having a total planned gross floor area of approximately 530,596 square metres. This project is expected to be completed in June 2011.

The Acquisition has been approved by Shareholders at the Company's special general meeting held on 16 December 2009. Completion of the Acquisition is pending, among other matters, the obtaining of approvals and permissions as required by the relevant government and regulatory authorities of the PRC. Details of the Acquisition are contained in the Company's circular dated 30 November 2009.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction which is the design and installation of curtain walls through two wholly-owned subsidiary companies: SJQ in the PRC and Condo HK in the Hong Kong and Macau markets. Revenue from this operating segment increased 87.4% from HK$250.4 million in 2008 to HK$469.2 million in 2009.

SJQ

Performance of SJQ in 2009 was steady amidst intensified competitive environment. SJQ recorded a revenue of HK$472.8 million (including HK$25.3 million generated from inter-company transactions (2008: HK$11.7 million)), which is 106% higher than the corresponding figure of HK$229.7 million in 2008. Whilst the achievement in 2009 was encouraging, the market in the PRC is highly competitive and the focus ahead for SJQ is to win new contracts for major developments and control costs.

Curtain wall construction project
— Hangzhou MIXC

SPECIALISED CONSTRUCTION (Cont'd)

Curtain wall construction project
— North Satellite Concourse,
Hong Kong International Airport

Condo HK

In 2009, Condo HK's revenue was HK$21.7 million (including HK$0.2 million generated from inter-company transactions (2008: HK$0.1 million)), a decline of 31% compared with 2008 while it was working on reinforcing working relationships with major construction firms. These efforts should enable it to be better positioned in the bidding of major projects in Hong Kong in the future.

PROPERTY INVESTMENT

The Group's investment property portfolio comprises two office buildings, namely the China Minmetals Tower in Tsimshatsui and the ONFEM Tower in Central, together with five residential units, all of which are located in Hong Kong. In 2009, revenue from this operating segment showed a 64.1% increase from HK$28.4 million in 2008 to HK$46.6 million in 2009, reflecting mainly the full year contribution from the China Minmetals Tower which the Group acquired in August 2008 and to a lesser extent generally higher occupancy rates in both buildings. The drop in profit was, however, largely attributable to the decrease in fair value gain. Given the fact that the majority of the rental agreements of the Group's portfolio were set at comparatively high historical levels, there will be pressure on rental reversions in 2010. In dealing with the challenges, the Group will continue to improve upon the quality and value of its portfolio by upgrades and refurbishment of the buildings and by raising occupancy together with cost control.

MAJOR DEVELOPMENTS SUBSEQUENT TO YEAR END

The Company announced on 8 January 2010 the joint arrangements under a co-operation agreement in relation to a potential real estate development project in Xianghe County in Hebei Province with a site area of up to approximately 534 hectares. Details of the transaction are contained in the Company's circular dated 12 March 2010.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group derived its funds from a combination of sources namely, cash generating from business operations, borrowings from banks, Rights Issue and two Share Placements.

For the purposes of strengthening the capital base and raising equity funds for future development of the Group's business including acquisitions of land and investments in new real estate development projects and for generating working capital, the Group had, during the year, conducted the following fund raising activities:

(i) The Company allotted and issued 556,915,891 new Shares on 30 June 2009 pursuant to the 2 for 1 Rights Issue, at a subscription price of HK$0.94 per rights Share. The net proceeds raised amounted to approximately HK$522.1 million;

(ii) An aggregate of 222,000,000 Shares were placed at a price of HK$2.10 per Share on 18 August 2009. The net proceeds raised amounted to approximately HK$453.5 million; and

(iii) An aggregate of 430,000,000 Shares were placed at a price of HK$2.45 per Share on 17 December 2009. The net proceeds raised amounted to approximately HK$930.3 million.

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

The confluence of the cash flow generating from the Group's business operations, significant banking facilities and coupled with the Rights Issue and Share Placements conducted during the year, has significantly strengthened the Group's financial resources. As at the end of 2009, total cash and bank balances of the Group stood at HK$2,394.4 million, 277% higher than the corresponding figure in 2008. The Group also enjoys cordial relationships with banks and as at the end of 2009, banking facilities available to the Group amounted to HK$831.7 million, representing an increase of 130% over the corresponding figure in 2008.

As at 31 December 2009, cash and bank deposits of the Group excluding restricted cash and pledged deposits were HK$2,394.4 million (2008: HK$635.9 million), of which, 15.5%, 69.6%, and 14.9% were denominated in Renminbi, Hong Kong dollar and United States dollar respectively (2008: 90.6%, 8.8% and 0.6%). Unutilized banking facilities of the Group amounted to HK$106.5 million as at 31 December 2009 (2008: HK$81.4 million).

Borrowings have been raised as another source of funding to finance the Group's operations and real estate development projects. This comprises borrowings from banks and minority investors of subsidiaries of the Group amounting to HK$1,321.3 million (2008: HK$639.1 million). The ratio of total borrowings to total equity of the Group decreased from 36.0% in 2008 to 27.9% in 2009 as a result of the expansion in Share capital base following the Rights Issue in June 2009 and the Share Placements in August 2009 and December 2009 respectively.

Maturity profile of the Group's borrowings is as follows:

	31 December 2009		31 December 2008	
	HK$ million	**%**	HK$ million	%
Within one year	**718.9**	**54.4**	639.1	100.0
In the second to fifth year	**602.4**	**45.6**	–	–
	1,321.3	**100.0**	639.1	100.0

The currency profile of the Group's borrowings is as follows:

	31 December 2009		31 December 2008	
	HK$ million	**%**	HK$ million	%
Renminbi	**279.9**	**21.2**	438.3	68.6
Hong Kong dollar	**1,041.4**	**78.8**	200.8	31.4
	1,321.3	**100.0**	639.1	100.0

Borrowings of HK$912.9 million (2008: HK$639.1 million) were on a floating interest rate basis. Finance costs charged to the consolidated income statement for the year ended 31 December 2009 amounted to HK$0.2 million (2008: HK$0.4 million) after capitalization of HK$71.3 million (2008: HK$33.6 million) into the cost of properties under development.

Property development commitments as at 31 December 2009 amounted to HK$311.0 million (2008: HK$289.8 million). These commitments are to be financed by internal funds and borrowings.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollars, the reporting and functional currency of the Company. During the year under review, most of the transactions of the Group were denominated in Hong Kong dollars and Renminbi. As such, the Group has exposure to exchange rate movements between Hong Kong dollars and Renminbi. Given that the expected continuing strength of Renminbi would have a positive impact, in Hong Kong dollar terms, on the Group's assets in and income generated from the PRC, the Group had not implemented any hedging or other alternative measures during the year but is closely monitoring the aforesaid exchange rate risks. As at 31 December 2009, the Group did not have exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

CHARGES ON GROUP ASSETS

As at 31 December 2009, certain assets of the Group were pledged as securities for the Group's banking facilities and these pledged assets of the Group included:

(i) investment properties with carrying amounts of HK$936.7 million (2008: HK$344.0 million);

(ii) leasehold land and buildings of HK$59.7 million (2008: Nil); and

(iii) fixed bank deposits of HK$73.3 million (2008: HK$5.6 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

Details of the financial guarantees of the Company and the Group are set out in Note 31 to the consolidated financial statements.

EMPLOYEES

As at 31 December 2009, the Group employed 355 (2008: 300) staff, including the Directors. The Group adopts a remuneration policy in line with market practice and the total remuneration and benefits of the Directors and staff of the Group for the year ended 31 December 2009 were HK$54.9 million (2008: HK$40.0 million).

He Jianbo
Managing Director
Hong Kong, 30 March 2010

Corporate Governance Report

The Board would like to present the corporate governance report for the year ended 31 December 2009.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices. The Board has put in place a corporate governance structure for the Company and is primarily responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. The respective Board committees oversee particular aspects of the Company's affairs and perform their distinct roles in accordance with their respective terms of reference.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, throughout the year ended 31 December 2009, the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:

(i) Code provision A.4.2 requires that all directors appointed to fill a casual vacancy in listed companies be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Instead of having elected at the first general meeting, Directors appointed by the Company to fill a casual vacancy would be subject to election at the first annual general meeting after their appointment. Besides, all Directors are subject to retirement by rotation in the manner as set out in the said code provision save for the Chairman and the Managing Director where they are not required to do so pursuant to the private company act 1991 by which the Company was incorporated.

(ii) Code provision E.1.2 requires that the chairman of the board and the chairman of all the board committees of listed companies to attend and answer questions at the annual general meeting.

Mr. Zhou Zhongshu, the former Chairman of the Board and of the Remuneration Committee, was not available for the Company's annual general meeting for 2009 due to ad hoc business commitment. Accordingly, Mr. He Jianbo, the Managing Director and a member of the Remuneration Committee, took the chair of the said meeting.

BOARD OF DIRECTORS

The Company is managed by the Board which is responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. The day-to-day management, administration and operation of the Company, however, are delegated to the management of the Company.

The Board currently comprises nine members, details of the composition of the Board are set out below:

Name of Director	Designation	Executive Committee	Audit Committee	Remuneration Committee
Mr. Sun Xiaomin	Chairman & Non-executive Director			*
Mr. Qian Wenchao	Deputy Chairman & Executive Director	*		
Mr. He Jianbo	Managing Director & Executive Director	*		*
Mr. Yin Liang	Senior Deputy Managing Director & Executive Director	*		
Mr. Yan Xichuan	Deputy Managing Director & Executive Director	*		
Ms. He Xiaoli	Deputy Managing Director & Executive Director	*		
Mr. Lam Chun, Daniel	Independent Non-executive Director		*	*
Mr. Selwyn Mar	Independent Non-executive Director		*	*
Ms. Tam Wai Chu, Maria	Independent Non-executive Director		*	*

Biographical details of Directors are set out in the section headed "Directors' and Senior Management's Profile" in this annual report. To the best knowledge of the Company, there are no financial, business, family or other material or relevant relationships amongst members of the Board.

All Non-executive Directors are appointed for a specific term of three years. They are subject to retirement by rotation and re-election provisions of the Bye-laws.

Throughout the year, the Company met at all times the requirements of the Listing Rules to have at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate accounting and financial management expertise and professional qualifications.

BOARD OF DIRECTORS (Cont'd)

Mr. Lam Chun, Daniel, an Independent Non-executive Director of the Company, is an honorary consultant of Shanghai City Development Law Firm 上海市建緯律師事務所 ("SCD"), a lawyer firm in the PRC which is the legal advisor acting for a wholly-owned subsidiary of the Company in a litigation proceeding conducted in the PRC and also provides other legal services to the Group from time to time. Mr. Lam is not a director, partner, principal or employee of SCD nor has any administrative or management role in SCD. Mr. Lam confirms that he receives no economic or monetary benefit from the position nor do any obligations or duties arise which he must or is encouraged to perform.

Written confirmations were received from all of the Independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors to be independent.

Other than resolutions passed by means of resolutions in writing of all the Directors, the Board held seven meetings in 2009. Notice of at least fourteen days is given for a regular Board meeting. The attendance of individual Director at the meetings of the Board is set out below:

Name of Director	Number of attendance
Mr. Zhou Zhongshu (resigned on 26 June 2009)	0/1
Mr. Sun Xiaomin (appointed on 26 June 2009)	2/6
Mr. Qian Wenchao	4/7
Mr. He Jianbo	7/7
Mr. Yin Liang	5/7
Mr. Yan Xichuan	7/7
Ms. He Xiaoli	6/7
Mr. Lam Chun, Daniel	7/7
Mr. Selwyn Mar	6/7
Ms. Tam Wai Chu, Maria	7/7

Each Director has a duty to act in good faith and in the best interests of the Company as a whole. The Directors are aware of their collective and individual responsibilities to Shareholders. The Company enables the Directors, upon request, to seek independent professional advice at the Company's expense in the process of discharging their duties. The Company has also arranged for appropriate liability insurance to indemnify Directors for their liabilities arising from corporate activities.

The Board members meet from time to time to assess the independence of the Company's Independent Non-executive Directors. The Board as a whole is responsible for the nomination and appointment of Directors, and the review of the structure, size and composition of the Board.

CHAIRMAN AND MANAGING DIRECTOR

Mr. Sun Xiaomin is the Chairman of the Board and Mr. He Jianbo is the Managing Director of the Company. This segregation of roles ensures that there is a clear distinction between the broad strategic direction of the Group and the management of the Board by the Chairman and the strategic planning and day-to-day management of the Group's business by the Managing Director. The respective responsibilities of the Chairman and the Managing Director are set out in the Company's internal documentation entitled "Guidelines in respect of the Responsibilities of the Board of Directors".

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established a set of guidelines as its own "Rules and Procedures for Directors and Relevant Employees of the Company in respect of Dealings in Securities of the Company" (the "Rules for Securities Transactions") on terms no less exacting than those contained in the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made with all Directors who had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the year ended 31 December 2009.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period. In preparing the consolidated financial statements for the year ended 31 December 2009, the Directors ensured that the consolidated financial statements had been prepared in accordance with statutory requirements and applicable accounting standards and had applied them consistently; made judgments and estimates that are prudent, fair and reasonable; and had prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for the timely publication of the consolidated financial statements of the Group.

The Directors confirm that, having made all reasonable enquiries, that to the best of their knowledge, information and belief, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement made by PricewaterhouseCoopers, the independent auditor of the Company, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" in this annual report.

INTERNAL CONTROLS

The Board has overall responsibilities for the Group's internal control system and evaluation of its effectiveness through the review by the Audit Committee to protect Shareholders' interest and to safeguard the Group's assets. The Board has authorised the management to design, implement and maintain such internal control system like clearly defined responsibilities, investment system and budgeting system for performance measurement etc.

During the year, the Audit Committee had assisted the Board in reviewing the Group's operations at financial and operational levels, ensuring that compliance controls and risk management measures and procedures are properly implemented. The Group's Internal Audit Department had conducted risk-driven audits to inspect and evaluate the Group's financial control, operational control, compliance control and risk management on a regular or as-needed basis, and submitted internal audit reports directly to the Audit Committee, with the purpose of ensuring that the effectiveness of the internal control system of the Group has been improving continuously. The Audit Committee would make recommendations to the management and submit regular reports to the Board on the basis of such audit findings and views.

BOARD COMMITTEES

A. Audit Committee

All the members of the Audit Committee are Independent Non-executive Directors. The current members are Mr. Selwyn Mar, Mr. Lam Chun, Daniel and Ms. Tam Wai Chu, Maria. In line with its terms of reference as approved by the Board, the Audit Committee is principally responsible for providing independent review of the effectiveness of the financial reporting procedures and internal control system of the Group; reviewing the appointment of independent auditor and the efficiency and quality of their work; and reviewing all internal audit reports as well as management feedback to such reports.

The Audit Committee held two meetings in 2009. Details of the attendance record of the members of the Audit Committee are as follows:

Members of the Audit Committee	Attendance
Mr. Selwyn Mar – Chairman of the Audit Committee	2/2
Mr. Lam Chun, Daniel	2/2
Ms. Tam Wai Chu, Maria	2/2

The major tasks accomplished by the Audit Committee for the year ended 31 December 2009 are as follows:

a. reviewed the consolidated financial statements of the Group for the year ended 31 December 2008 and the independent auditor's report to the Audit Committee, and the annual results announcement, and made recommendation to the Board for approval;

b. reviewed the interim financial information of the Group for the six months ended 30 June 2009 and the interim results announcement, and made recommendation to the Board for approval;

c. reviewed the management recommendations furnished by the independent auditor and the responses from the Group's management;

d. reviewed the audit strategy submitted by the independent auditor, and made recommendation to the Board for their appointment, remuneration and terms of engagement on audit services for the financial year ended 31 December 2009;

e. reviewed and made recommendations to the Board on the remuneration and terms of engagement of the independent auditor on non-audit services;

f. reviewed with the management the accounting principles and practices adopted by the Group;

g. assisted the Board in conducting independent evaluation of the effectiveness of the Group's financial reporting procedures and internal control system;

h. constantly reviewed internal audit reports submitted by the Internal Audit Department and directed the department in its approaches to audit planning and reports; and

i. furnished its opinions to the management concerning related risks in respect of significant matters of the Group.

BOARD COMMITTEES (Cont'd)

A. Audit Committee (Cont'd)

The Board agrees with the proposal of the Audit Committee for the re-appointment of PricewaterhouseCoopers as the Company's independent auditor for the year 2010. A resolution in respect of the re-appointment of PricewaterhouseCoopers as the Company's independent auditor for the year ending 31 December 2010 will be put forward for approval by Shareholders at the AGM.

B. Remuneration Committee

In line with its terms of reference as approved by the Board, the Remuneration Committee is responsible for the review of the remuneration mechanism and incentive scheme of the Directors and senior management, and the establishment and maintenance of a reasonable and competitive remuneration level in order to attract and retain Directors and senior management.

Other than resolutions passed by means of resolutions in writing of all members of the Remuneration Committee, the Remuneration Committee held one meeting in 2009. Details of the attendance record of the members of the Remuneration Committee are as follows:

Members of the Remuneration Committee	Attendance
Mr. Zhou Zhongshu – Chairman of the Remuneration Committee (resigned on 26 June 2009)	0/1
Mr. Sun Xiaomin – Chairman of the Remuneration Committee (appointed on 26 June 2009)	0/0
Mr. He Jianbo	1/1
Mr. Lam Chun, Daniel	1/1
Mr. Selwyn Mar	1/1
Ms. Tam Wai Chu, Maria	1/1

During the year, the Remuneration Committee reviewed and discussed 2008 bonus proposal, the recruitment of a senior management staff and his remuneration package.

AUDITOR'S REMUNERATION

For the year ended 31 December 2009, PricewaterhouseCoopers, the independent auditor of the Group, received approximately HK$2.35 million (2008: HK$1.57 million) for audit services, and approximately HK$3.83 million (2008: HK$3.14 million) for non-audit services which include fees for the review of the 2009 interim report, the preparation of accountant's reports and pro forma financial information for inclusion in circulars regarding major transactions of the Company and the provision of tax services.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company attaches great importance to communications with Shareholders and investors.

Shareholders are welcome to raise questions and comments at general meetings where members of the Board and independent auditor of the Company will answer their questions.

In order to enhance investor relationships, designated senior management maintains regular meetings and dialogues with equity research analysts, fund managers and institutional investors. In addition, the Company's website at www.minmetalsland.com offers timely access to announcements, circulars, annual and interim reports, press releases and other business information of the Company.

Directors' and Senior Management's Profile

DIRECTORS

Mr. Sun Xiaomin, aged 55, was appointed as a Non-executive Director and the Chairman of the Company in June 2009. He graduated from Peking University in 1986 with a Master's Degree in Law. Mr. Sun joined China Minmetals in 2008. He is currently the Vice President of China Minmetals and is responsible for its real estate development business. Mr. Sun has extensive experience in real estate development, corporate restructuring and management, corporate finance as well as legal affairs.

Mr. Qian Wenchao, aged 45, was appointed as an Executive Director of the Company in November 2003. In December 2006, Mr. Qian was nominated to the position of the Deputy Chairman of the Company. He is also a director of Minmetals HK. Mr. Qian graduated from Beijing Technology and Business University with a Bachelor of Arts Degree in 1987 and completed his graduate study in accounting in the same university in 1989. He joined China Minmetals in 1989 and was assigned to the Overseas Enterprises Division of China Minmetals with responsibilities in financial management. Mr. Qian has over 13 years of experience in corporate financial management.

Mr. He Jianbo, aged 40, was appointed as an Executive Director and Managing Director of the Company in December 2007 and is responsible for the operation of and strategic planning for the Company. Mr. He is a Senior International Business Engineer in the PRC. He graduated from the Peking University in 1992 with a Bachelor's Degree in Economics. He also obtained a Master's Degree in International Finance from the Peking University and a Master's Degree in Business Administration from Saint Mary's University, Canada. Mr. He joined China Minmetals in 1992 and had served the positions of director of general administrative office, director of strategic planning division and a member of the strategic planning committee of China Minmetals. He had been the secretary of the board of directors of Minmetals HK and is a director of Minmetals HK. Mr. He has over 17 years of experience in corporate management, strategic planning and investment.

Mr. Yin Liang, aged 41, was appointed as an Executive Director and a Deputy Managing Director of the Company in December 2006. Mr. Yin is now the Senior Deputy Managing Director of the Company. He graduated from the University of International Business and Economics of China in 1991 with a Bachelor of Law Degree and obtained a Master's Degree in Business Administration from Saint Mary's University of Canada and a Master's Degree in Law from the University of Hong Kong. Mr. Yin joined China Minmetals in 1991 and has been serving various departments of China Minmetals group for trading, legal affairs, investment and corporate management. Mr. Yin has extensive experience in investment and corporate management.

Mr. Yan Xichuan, aged 63, was appointed as an Executive Director and a Deputy Managing Director of the Company in August 2002. Mr. Yan is responsible for the operation and strategic planning of the Company's subsidiaries which are principally engaged in specialised construction business. He graduated from Chongqing Architectural University in 1970 and is a qualified senior engineer. He joined China State Construction Engineering Corporation in 1970 and was transferred to China Overseas Holdings Limited ("COHL") in 1984. Mr. Yan was the general manager of China Overseas Civil Engineering Limited, the assistant general manager of the Investment Department of COHL and the president of Gold Court Property Management Limited. Mr. Yan had participated in numerous construction projects in the PRC and Hong Kong and has over 39 years of experience in construction, civil engineering, real estate investment and project management.

DIRECTORS (Cont'd)

Ms. He Xiaoli, aged 42, was appointed as an Executive Director of the Company in February 2002. Ms. He is now the Deputy Managing Director of the Company. She is also the General Manager of the Finance Department of the Company. Ms. He holds a Bachelor's Degree in Accounting from North China University of Technology and a Master's Degree in Business Administration from the University of South Australia. She is a qualified PRC Senior Accountant and a member of the Chinese Institute of Certified Public Accountants. Prior to joining the Company, Ms. He was the head of business division and the deputy minister of accounting information division of the finance department of the previous China National Nonferrous Metals Industry Corporation. Ms. He has extensive experience in financial management of enterprises.

Mr. Lam Chun, Daniel, aged 64, was appointed as an Independent Non-executive Director of the Company in May 1997. Mr. Lam is an Authorized Person under the Buildings Ordinance and a Registered Professional Surveyor. He is a fellow member of the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators, a fellow member and the Past President (1986–1987) of the Hong Kong Institute of Surveyors, and a fellow member and the past chairman (1997–2000) of the Hong Kong Institute of Arbitrators. Mr. Lam is a member of the Administrative Appeals Board and was a member of the Hong Kong Housing Authority and Chairman of its Building Committee, a member of the Hong Kong Surveyors Registration Board and a consultant to the World Bank on the Urban Land Policies Study for the PRC. He is also a Council Member of the Hong Kong International Arbitration Centre. Mr. Lam was the director of the Property Division of the previous Kowloon-Canton Railway Corporation and had worked in various large well-established organisations. Mr. Lam has over 30 years of experience in the surveying profession.

Mr. Selwyn Mar, aged 74, was appointed as an Independent Non-executive Director of the Company in November 2002. Mr. Mar graduated from the London School of Economics, University of London. He is a Chartered Accountant, a partner of Nexia Charles Mar Fan & Co., Certified Public Accountants and the Managing Director of Marfan & Associates Limited. Mr. Mar was the President of the Hong Kong Institute of Certified Public Accountants in 1991, a member of the Appeals Panel of Securities & Futures Commission and a member of the Board of Governors of Chinese International School. Mr. Mar has been actively involved in commercial and industrial undertakings in Hong Kong and the PRC in the past 32 years. Presently, he sits on the board of two other Hong Kong listed companies. Mr. Mar is an Honorary Fellow of the Lingnan University and appointed a member of the Court of Lingnan University by the Chief Executive of the HKSAR.

Ms. Tam Wai Chu, Maria, aged 64, was appointed as an Independent Non-executive Director of the Company in April 1997. Ms. Tam holds a Bachelor's Degree in Law from the University of London and has been a practising barrister since 1972. Ms. Tam is currently involved in numerous community services, which include the Deputy of the National People's Congress of the PRC as well as a member of the Basic Law Committee of the HKSAR, the Bar Association, the Task Group on Constitutional Development of the Commission on Strategic Development and, the Operations Review Committee and the Witness Protection Review Board of the Independent Commission Against Corruption.

SENIOR MANAGEMENT

Mr. Xu Bingliang, aged 44, joined the Company as the Deputy General Manager in December 2008. He graduated from Central University of Finance and Economics of the PRC in 1986 with a Bachelor's Degree in Economics and completed his graduate study in accounting in the same university in 2002. Mr. Xu is a qualified PRC Senior Accountant. Since Mr. Xu joined China Minmetals in 1989, he has been responsible for financial management of various subsidiaries of China Minmetals. Mr. Xu has more than 20 years of experience in corporate financial management and strategic investment.

Mr. Law Yiu Wing, **Patrick**, aged 47, joined the Company as the Chief Operating Officer in September 2006. Mr. Law assists the Managing Director in business development, day-to-day operation and financial and general management of the Company. Mr. Law is also responsible for the management of the investment properties and the Property Management Department. He also assists the planning, management and development of the Company's business in real estate development and investment. He holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management (AGSM). He is a member of the Australian Institute of Building, the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Law has extensive experience in property development, strategic planning, financial and general management gained from listed companies.

Mr. Yang Lu, aged 52, joined the Company as the General Manager of the Real Estate Development Department in May 2007. Mr. Yang assists the business development of real estate development projects in the PRC and oversees the initial management of new projects. Mr. Yang graduated from Chongqing (Jianzhu) Architectural & Engineering University (now known as Chongqing University) in 1982 with a Bachelor of Engineering Degree. He also holds a Grade One Project Manager Certificate issued by the PRC's Ministry of Construction and is a member of the Chartered Institute of Building, U.K.. Mr. Yang was previously employed to managerial positions in various companies of COHL with exposure to a variety of domestic and overseas engineering projects. He was also the general manager of a PRC real estate development company of COHL. Mr. Yang has extensive experience in the development, operation and management of construction contracting and real estate development business.

Mr. Szeto Wai Hung, Gus, aged 49, was appointed as the General Manager of the Company's Investment and Planning Department in January 2005. During the period from 1997 to 2008, he was the managing director of a wholly-owned subsidiary of the Company. Mr. Szeto holds a Bachelor's Degree in Commerce from the University of New South Wales, Australia and an MBA degree from the Richard Ivey School of Business of the University of Western Ontario, Canada. He is a member of the Institute of Chartered Accountants of Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Szeto has years of extensive experience in business planning and development, mergers and acquisitions, and financial and general management.

Mr. Leung Kin Hong, aged 39, joined the Company as the Financial Controller in January 2009. Mr. Leung is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and holds a Master's Degree of Finance. Prior to joining the Company, Mr. Leung had worked in an international professional accounting firm and several listed companies in Hong Kong to gain his extensive experience in financial and general management.

Ms. Chung Wing Yee, Zoe, aged 43, joined the Company as the Company Secretary in August 2006. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Chung has extensive experience in company secretarial practice gained from professional firms and listed companies.

Ms. Chen Xie Ying, Christine, aged 47, joined the Company as the Internal Audit Manager in April 2003. Ms. Chen holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company, she was the head of internal audit department and a member of the risk management committee of a financial institution listed on the Stock Exchange for many years. Ms. Chen has extensive experience in investment, internal control and risk management.

Ms. Wong Mei Yee, Maisie, aged 48, joined the Company in May 1993 and is the Human Resources Manager of the Company. She is responsible for administration and human resources management of the Company. Ms. Wong has extensive experience in corporate administration and human resources management.

Report of the Directors

The Board would like to submit the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in Note 17 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating and geographical segments is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 43.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 24 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 25 to the consolidated financial statements.

PROPERTIES

Particulars of the major properties held for investment and properties under development of the Group are set out on page 6 to page 7.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2009, calculated in accordance with the Companies Act of Bermuda, amounted to HK$424,750,000 (2008:HK$409,059,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 5.

SHARE OPTION

On 29 May 2003, the Company adopted the Share Option Scheme to recognise and acknowledge the contributions that eligible persons had made or may from time to time make to the Group whether in the past or in the future.

The principal terms of the Share Option Scheme are set out as follows:

(1) Participants of the Share Option Scheme

Any directors or any employees of any companies of the Group and any advisers of, consultants of, contractors to any companies of the Group or any person who has any relationship (whether business or otherwise) with any companies of the Group or any person whom the Directors consider, in their sole discretion, has contributed or will contribute or can contribute to the Group.

(2) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares available for issue under the Share Option Scheme is 61,884,178, representing approximately 2.26% of the issued share capital of the Company as at the date of this report.

(3) Maximum entitlement of each participant under the Share Option Scheme

No options under the Share Option Scheme may be granted to any eligible person, which, if exercised in full, would result in the total number of Shares issued and to be issued upon the exercise of the options already granted or to be granted to such eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

(4) The period within which the Shares must be taken up under an option

The Directors may in their absolute discretion determine the period during which an option may be exercised and notify each grantee, save that such period shall not be later than 10 years from the date on which the Directors make an offer of the option subject to the provisions for early termination thereof.

(5) Time of acceptance and the amount payable on acceptance of the option

The offer of an option made in accordance with the Share Option Scheme may be accepted within 28 business days from the date of the offer and the amount payable on acceptance of the option is HK$10.

(6) The basis of determining the subscription price

The subscription price shall be determined by the Board at the time of grant of the relevant option and shall not be less than the highest of (i) the closing price per Share as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the relevant option; (ii) the amount equivalent to the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the relevant option; and (iii) the nominal value of a Share.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme is valid until 28 May 2013.

SHARE OPTION (Cont'd)

Details of the movements of options during the year ended 31 December 2009 are as follows:

Category of participant	Date of grant	Exercisable period	Exercise price (Note 1)	Number of options: As at 1 January 2009	Adjustment during the year (Note 1)	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2009
			HK$						
(i) Directors									
Mr. Qian Wenchao	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,300,000	173,333	–	–	–	1,473,333
Mr. He Jianbo	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,800,000	240,000	–	–	–	2,040,000
Mr. Yin Liang	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,200,000	160,000	–	–	–	1,360,000
Mr. Yan Xichuan	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,200,000	160,000	–	–	–	1,360,000
Ms. He Xiaoli	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,000,000	133,333	–	–	–	1,133,333
(ii) Employees & others	1 December 2008	1 December 2010 to 30 November 2018	0.45	7,130,000	950,667	–	–	113,333	7,967,334
				13,630,000	1,817,333	–	–	113,333	15,334,000

Notes:

1. Pursuant to the terms of the Share Option Scheme (as amended), (i) the exercise price of the options has been adjusted from HK$0.51 per Share to HK$0.45 per Share and (ii) the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding options has been adjusted from 13,630,000 to 15,447,333 following completion of the Rights Issue.

2. 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.

Save as disclosed above, no options were granted, lapsed or cancelled in accordance with the terms of the Share Option Scheme during the year.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Non-executive Directors

Mr. Sun Xiaomin (appointed on 26 June 2009)
Mr. Zhou Zhongshu (resigned on 26 June 2009)

Executive Directors

Mr. Qian Wenchao
Mr. He Jianbo
Mr. Yin Liang
Mr. Yan Xichuan
Ms. He Xiaoli

Independent Non-executive Directors

Mr. Lam Chun, Daniel
Mr. Selwyn Mar
Ms. Tam Wai Chu, Maria

Mr. Yin Liang will retire from the office of Director at the AGM in accordance with Bye-law 111(A) of the Bye-Laws and, being eligible, offers himself for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company and any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

As at 31 December 2009, the interests and short positions of the Directors and the chief executive of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code as set out in Appendix 10 of the Listing Rules, or as recorded in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

Long Position in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares
Ms. He Xiaoli	Personal	30,000	0.0011%

Note: Details of the interests of Directors in the options of the Company are disclosed in the section headed "Share Option" above.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)

Save as disclosed above, as at 31 December 2009, none of the Directors or the chief executive of the Company or any of their associates (as defined in the Listing Rules) had any personal, family, corporate or other interests or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age, was granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO) during the year ended 31 December 2009.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the paragraphs entitled "Information Relating to the Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the Company had no other outstanding options, convertible securities, warrants or other similar rights as at 31 December 2009.

There was no repurchase or exercise of options and convertible securities during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, according to the register of interests kept by the Company under section 336 of the SFO, the following entities had interests in the Shares and underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares

Name of Shareholder	Interest in Shares	Approximate percentage of total issued Shares
China Minmetals	2,066,211,506 (Notes 1 & 2)	75.61%
Minmetals HK	2,066,211,506 (Notes 1 & 2)	75.61%
June Glory	2,066,211,506 (Notes 1 & 2)	75.61%
Albertson Capital Limited	150,849,862 (Note 3)	5.52%
Mr. Osbert Lyman	170,139,862 (Note 4)	6.23%
Strategic Power International Limited	170,139,862 (Note 4)	6.23%
Mr. Royson Lyman	155,365,862 (Note 5)	5.69%
Mr. Elke Lu	155,365,862 (Note 5)	5.69%
Delta Venture Holdings Limited	155,365,862 (Note 5)	5.69%

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notes:

1. The interests disclosed herein are held by June Glory, a wholly-owned subsidiary of Minmetals HK, and Minmetals HK is wholly owned by China Minmetals.

2. Pursuant to the Acquisition Agreement (as defined in the circular of the Company dated 30 November 2009) which was approved by the independent Shareholders on 16 December 2009, a total of 601,293,059 new Shares will be allotted and issued to June Glory as consideration. The Acquisition Agreement and the transactions contemplated thereunder are yet to be completed as at the date of this report.

3. Albertson Capital Limited ("Albertson") is owned as to 50% by each of Strategic Power International Limited ("SPI") and Delta Venture Holdings Limited ("DVH").

4. SPI is owned as to 70% by Mr. Osbert Lyman. In view that SPI had a direct interest in 19,290,000 Shares and by virtue of its shareholding in Albertson, each of SPI and Mr. Osbert Lyman was interested in an aggregate of 170,139,862 Shares.

5. DVH is owned as to 50% by each of Mr. Royson Lyman and Mr. Elke Lu. In view that DVH had a direct interest in 4,516,000 Shares and by virtue of its shareholding in Albertson, each of DVH, Mr. Royson Lyman and Mr. Elke Lu was interested in an aggregate of 155,365,862 Shares.

CONTRACTS OF SIGNIFICANCE

The following contracts of significance were entered into or subsisted between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries during the year ended 31 December 2009:

1. DCPCL (a subsidiary owned as to 71% by the Company) and Ershisanye (a non wholly-owned subsidiary of China Minmetals) entered into a main contract on 31 July 2007 for the construction work of Phase I of Laguna Bay in Nanjing, the PRC. Details of the transaction have been published in the Company's announcement dated 31 July 2007 and circular dated 21 August 2007.

2. Jiahe Risheng (a subsidiary owned as to 51% by the Company) and Hunan Jiasheng (a non wholly-owned subsidiary of China Minmetals which owned 49% of Jiahe Risheng) entered into a loan agreement as of 13 November 2007, details of which are set out below:

Amount of the loan	:	RMB186,200,000 (the "Loan")
Term	:	2 years
Interest rate	:	the rate for Renminbi 1-3 years term loans per annum as quoted by The People's Bank of China from time to time
Purpose of the loan	:	to finance the general working capital requirement of Jiahe Risheng

The Loan was renewed by a loan agreement dated 9 November 2009 for a further term of 2 years commencing from 13 November 2009 at the same interest rate.

CONTRACTS OF SIGNIFICANCE (Cont'd)

3. Jiahe Risheng and Ershisanye entered into a main contract on 10 September 2008 for the construction work of certain part of Phase I of LOHAS International Community in Changsha, the PRC. Details of the transaction have been published in the Company's announcement dated 10 September 2008 and circular dated 30 September 2008.

4. DCPCL and Minmetals Finance (a wholly-owned subsidiary of China Minmetals) entered into a Renminbi loan agreement dated 14 October 2008 (the "RMB Loan Agreement"), details of which are set out below:

Amount of the loan	:	RMB150,000,000 ("RMB Loan")
Term	:	1 year
Interest rate	:	105% of the rate for Renminbi 1-3 years term loans per annum as quoted by The People's Bank of China from time to time
Purpose of the loan	:	to finance the general working capital requirement of DCPCL

The RMB Loan was repaid by DCPCL on 13 October 2009.

5. Minmetals HK, Minmetals Finance and DCPCL entered into a corporate guarantee dated 14 October 2008, pursuant to which Minmetals HK, as a guarantor, undertakes the repayment of the RMB Loan and the relevant interests and charges if DCPCL does not repay the principal amount of the RMB Loan and the relevant interests and charges in accordance with the terms and conditions of the RMB Loan Agreement. The RMB Loan was repaid by DCPCL on 13 October 2009.

6. Glory Dragon, CMID (a wholly-owned subsidiary of China Minmetals) and Minmetals Property Nanjing entered into a capital expansion agreement on 22 September 2008 for the participation of Glory Dragon in the capital expansion of Minmetals Property Nanjing. Details of the transaction have been published in the Company's announcement dated 16 September 2008 and circular dated 14 November 2008. The transaction was completed on 21 April 2009.

7. Glory Dragon and CMID entered into a joint venture agreement on 22 September 2008 in relation to the management and operation of Minmetals Property Nanjing after completion of the above-mentioned capital expansion agreement. Details of the transaction have been published in the Company's announcement dated 16 September 2008 and circular dated 14 November 2008. The transaction was completed on 21 April 2009.

8. MLI (a wholly-owned subsidiary of the Company) as purchaser, Mountain Trend (a wholly-owned subsidiary of China Minmetals) as seller and Minmetals HK as seller's guarantor and warrantor entered into a conditional sale and purchase agreement on 7 November 2008 and three supplemental agreements on 31 March 2009, 18 May 2009 and 23 July 2009 respectively for the acquisition of the entire issued share capital of Luck Achieve. Details of the transaction have been published in the Company's announcements dated 7 November 2008, 23 December 2008, 31 March 2009, 18 May 2009 and 23 July 2009 and circulars dated 28 November 2008 and 12 August 2009. The transaction was completed on 4 September 2009.

CONTRACTS OF SIGNIFICANCE (Cont'd)

9. MLI as purchaser, Mountain Trend as seller and China Minmetals as seller's guarantor and warrantor entered into a conditional sale and purchase agreement on 13 November 2009 for the acquisition of the remaining 49% interest in Jiahe Risheng and the entire interests in Tianjin Binhaixinqu and Zhongrun Chengzhen (the "Acquisition"). Details of the Acquisition have been published in the Company's announcement dated 13 November 2009 and circular dated 30 November 2009. The Acquisition has not yet completed as at the date of this report.

Save as disclosed above, no contracts of significance were entered into or subsisted between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries during the year ended 31 December 2009.

No contract of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2009	2008	2009	2008
The largest customer	4%	2.7%		
Five largest customers in aggregate	13.4%	8.8%		
The largest supplier			9.5%	11.5%
Five largest suppliers in aggregate			25.6%	28.6%

At no time during the year, had the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's Share capital) had any interests in the above customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-Laws or the laws of Bermuda.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions undertaken by the Group during the year ended 31 December 2009 are as follows:

1. A tenancy agreement dated 13 December 2007 was entered into between Cheerglory Traders (a wholly-owned subsidiary of China Minmetals) as the tenant and Texion (a wholly-owned subsidiary of the Company) as the landlord (the "Tenancy Agreement I"), details of which are set out below:

Premises	:	11th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ended 31 December 2009 with an option to renew for a further term of one year at open market rent of the premises exclusive of government rates and service, management and air-conditioning charges but otherwise subject to the same terms
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Cheerglory Traders under Tenancy Agreement I for the year ended 31 December 2009 was HK$1,598,868.

2. A tenancy agreement dated 4 July 2007 was entered into between Cheemimet (a wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord (the "Tenancy Agreement II"), details of which are set out below:

Premises	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	three years ending 15 May 2010
Rental	:	HK$133,240 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Cheemimet under Tenancy Agreement II for the year ended 31 December 2009 was HK$1,598,880.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

3. A tenancy agreement dated 4 July 2007 was entered into between Minmetals HK as the tenant and Texion as the landlord (the "Tenancy Agreement III"), details of which are set out below:

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	three years ending 31 May 2010
Rental	:	(a) HK$103,685 per calendar month (exclusive of government rates and service, management and air-conditioning charges) for the period from 1 June 2007 to 31 December 2007 (b) HK$133,240 per calendar month (exclusive of government rates and service, management and air-conditioning charges) for the period from 1 January 2008 to 31 May 2010
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals HK under Tenancy Agreement III for the year ended 31 December 2009 was HK$1,598,880.

4. A construction contracting agreement dated 10 September 2008 was entered into between the Company and Ershisanye whereby the Company may from time to time invite Ershisanye and its subsidiaries to tender and award construction tenders, subject to successful tender, in respect of the existing and future real estate development projects of the Group in the PRC. The aggregate sum paid by the Group to Ershisanye or any of its subsidiaries for the year ended 31 December 2009 was RMB80,493,385.

5. A tenancy agreement dated 13 January 2009 was entered into between Eastern Master (a non wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord (the "Tenancy Agreement IV"), details of which are set out below:

Premises	:	12th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 31 October 2010
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Eastern Master under Tenancy Agreement IV for the year ended 31 December 2009 was HK$1,465,629.

6. A material supply agreement dated 28 September 2009 was entered into between the Company and Newglory (a wholly-owned subsidiary of China Minmetals) whereby the Company may from time to time invite Newglory to tender for material supply contract(s) and, subject to successful tender, appoint Newglory as a supplier for construction materials regarding the Group's existing and future real estate development projects and specialised construction projects. The aggregate sum paid by the Company to Newglory for the year ended 31 December 2009 was RMB18,250,000.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The Independent Non-executive Directors of the Company have reviewed the transactions contemplated under the aforesaid agreements for the year ended 31 December 2009 (collectively referred to as the "Transactions") and confirmed that the Transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms; and

(c) in accordance with the terms of each of the agreements that are fair and reasonable and in the interests of the Shareholders as a whole.

PricewaterhouseCoopers, the independent auditor of the Company, has performed certain procedures on the Transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagement to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has reviewed the Transactions and reported that:

(a) the Directors have approved the Transactions upon entering into each of the agreements governing such Transactions;

(b) the Transactions have been entered into in accordance with the terms of each of the agreements; and

(c) the Transactions contemplated under each of the agreements have not exceeded the respective annual caps as disclosed in the announcements dated 5 June 2008, 10 September 2008, 25 September 2008, 11 February 2009 and 28 September 2009 and circulars dated 26 June 2008, 30 September 2008 and 19 October 2009 of the Company.

CONTINUING DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

1. OFL and Virtyre, all being wholly-owned subsidiaries of the Company, accepted the offers from a bank for the grant of various general banking facilities (the "Facilities") to the extent of an aggregate amount of HK$245,135,000 pursuant to the facility letters dated 27 November 2008 and 7 May 2009 issued to OFL and Virtyre respectively (the "Facility Letters"). The Facilities have no specific date of expiry.

   As one of the conditions of the Facilities, China Minmetals shall, directly or indirectly, maintain its major shareholding (not defined in the Facility Letters) in the Company during the life of the Facilities. A breach of the abovementioned condition will constitute an event of default and as a result, the Facilities will become immediately due and repayable.

2. OFL accepted the offer from a bank for the grant of term loan facilities (the "Facilities") to the extent of an aggregate amount of HK$500,000,000 pursuant to the loan agreement dated 19 January 2010. The Facilities will mature in 3 years from the loan agreement date.

   As one of the conditions of the Facilities, China Minmetals shall, directly or indirectly, maintain its management control and with no less than 35% in the Company's shareholding during the life of the Facilities. A breach of the above-mentioned condition will constitute an event of default and as a result, the Facilities will become immediately due and repayable.

Save as disclosed above, the Company does not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

EVENT AFTER THE BALANCE SHEET DATE

Details of the event after the balance sheet date are set out in Note 34 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the notices submitted to the Company pursuant to the SFO, the Directors are of the view that sufficient public float exists for the issued Shares as at the date of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the independent auditor the audited consolidated financial statements for the year ended 31 December 2009 and has also discussed auditing, internal control and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the AGM and, being eligible, offer themselves for re-appointment.

By order of the Board
He Jianbo
Managing Director

Hong Kong, 30 March 2010

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

To the shareholders of Minmetals Land Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Minmetals Land Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 43 to 110, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Continuing operations:			
Revenue	5	**1,244,156**	1,166,307
Cost of sales	6	**(963,654)**	(945,503)
Gross profit		**280,502**	220,804
Other gains		**2,513**	2,766
Selling and distribution costs	6	**(22,875)**	(40,462)
Administrative expenses	6	**(84,946)**	(73,091)
Fair value gain on investment properties	15	**38,780**	72,877
Operating profit		**213,974**	182,894
Finance income	8	**13,316**	17,238
Finance costs	8	**(181)**	(400)
Profit before tax		**227,109**	199,732
Tax charge	9	**(71,676)**	(70,948)
Profit for the year from continuing operations		**155,433**	128,784
Discontinued operations:			
Loss for the year from discontinued operations	10	**–**	(475)
Profit for the year		**155,433**	128,309
Attributable to:			
Equity holders of the Company	11	**128,927**	140,864
Minority interests		**26,506**	(12,555)
		155,433	128,309
Earnings/(loss) per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share):			
Basic	12		
– from continuing operations		**7.94**	15.66
– from discontinued operations		**–**	(0.05)
		7.94	15.61
Diluted	12		
– from continuing operations		**7.89**	15.66
– from discontinued operations		**–**	(0.05)
		7.89	15.61
Dividends	13	**–**	–

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Profit for the year	155,433	128,309
Other comprehensive income		
Fair value gain of property, plant and equipment	–	1,314
Fair value gain of available-for-sale financial assets	73,751	–
Currency translation differences	5,609	36,686
	79,360	38,000
Total comprehensive income for the year	234,793	166,309
Attributable to:		
Equity holders of the Company	205,770	166,637
Minority interests	29,023	(328)
	234,793	166,309

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**78,134**	77,679
Investment properties	15	**936,739**	897,959
Goodwill	16	**11,365**	9,003
Available-for-sale financial assets	21	**631,488**	–
Deferred tax assets	27	**7,132**	–
		1,664,858	984,641
Current assets			
Inventories	18	**2,393,361**	1,234,937
Trade and other receivables	19	**323,518**	251,438
Gross amounts due from customers for contract work	20	**2,976**	328
Current tax recoverable		**707**	707
Restricted cash and pledged deposits	22	**84,217**	14,288
Cash and bank deposits	23	**2,394,350**	635,853
		5,199,129	2,137,551
Total assets		**6,863,987**	3,122,192
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**273,279**	111,383
Reserves	25	**4,146,379**	1,470,677
		4,419,658	1,582,060
Minority interests		**314,673**	194,918
Total equity		**4,734,331**	1,776,978

	Note	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	26	602,405	–
Deferred tax liabilities	27	7,069	7,069
Other liabilities		4,678	11,159
		614,152	18,228
Current liabilities			
Trade and other payables	28	698,334	449,322
Deferred revenue		41,197	194,995
Current tax payable		57,089	43,535
Borrowings	26	718,884	639,134
		1,515,504	1,326,986
Total liabilities		2,129,656	1,345,214
Total equity and liabilities		6,863,987	3,122,192
Net current assets		3,683,625	810,565
Total assets less current liabilities		5,348,483	1,795,206

He Jianbo
Director

He Xiaoli
Director

Balance Sheet

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	17(a)	**79,474**	65,537
Current assets			
Loans to subsidiaries	17(b)	**–**	–
Amounts due from subsidiaries	17(c)	**2,503,631**	1,363,932
Other receivables	19	**8,164**	462
Pledged deposits	22	**5,624**	5,601
Cash and bank deposits	23	**1,666,604**	27,388
		4,184,023	1,397,383
Total assets		**4,263,497**	1,462,920
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**273,279**	111,383
Reserves	25	**3,808,957**	1,323,334
Total equity		**4,082,236**	1,434,717
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	17(c)	**166,721**	13,682
Other payables	28	**14,540**	14,521
Total liabilities		**181,261**	28,203
Total equity and liabilities		**4,263,497**	1,462,920
Net current assets		**4,002,762**	1,369,180
Total assets less current liabilities		**4,082,236**	1,434,717

He Jianbo
Director

He Xiaoli
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to equity holders of the Company				
	Share capital HK$'000	**Reserves** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 January 2008	77,383	800,707	878,090	195,246	1,073,336
Issue of new shares	34,000	503,200	537,200	–	537,200
Employee share option benefits	–	133	133	–	133
Total comprehensive income for the year	–	166,637	166,637	(328)	166,309
At 31 December 2008	111,383	1,470,677	1,582,060	194,918	1,776,978
Issue of new shares	**161,896**	**2,468,336**	**2,630,232**	**–**	**2,630,232**
Acquisition of a subsidiary	**–**	**–**	**–**	**11,389**	**11,389**
Partial disposal of a subsidiary	**–**	**–**	**–**	**79,343**	**79,343**
Employee share option benefits	**–**	**1,596**	**1,596**	**–**	**1,596**
Total comprehensive income for the year	**–**	**205,770**	**205,770**	**29,023**	**234,793**
At 31 December 2009	**273,279**	**4,146,379**	**4,419,658**	**314,673**	**4,734,331**

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Operating activities			
Cash generated from/(used in) operations	30(a)	141,363	(193,758)
Interest paid		(71,467)	(34,007)
Income tax paid		(65,221)	(39,157)
Net cash generated from/(used in) operating activities		4,675	(266,922)
Investing activities			
Acquisition of subsidiaries	30(b)	(829,245)	11,937
Disposal of subsidiaries	30(c)	79,343	8,407
Purchase of property, plant and equipment		(4,338)	(7,894)
Proceeds from disposal of property, plant and equipment		–	30
Interest received		13,316	17,238
Net cash (used in)/generated from investing activities		(740,924)	29,718
Financing activities			
Net proceeds from issue of shares		1,900,511	–
New borrowings		979,598	261,641
Repayment of borrowings		(315,434)	(188,829)
(Increase)/decrease in restricted cash and pledged deposits		(69,929)	3,562
Net cash generated from financing activities		2,494,746	76,374
Increase/(decrease) in cash and cash equivalents		1,758,497	(160,830)
Cash and cash equivalents at beginning of the year		635,853	796,683
Cash and cash equivalents at end of the year	23	2,394,350	635,853

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 and securities 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.

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 30 March 2010.

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 ("HKICPA"). 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) New and revised standards effective in 2009

The Group adopted certain new or revised standards and amendments which are relevant to its operations as described below:

HKAS 1 (revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standards 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 in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) New and revised standards effective in 2009 (Continued)

HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009) 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 impact on the consolidated financial statements.

HKFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service 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 there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have any impact on the consolidated financial statements.

HKFRS 7, 'Financial Instruments – Disclosures' (amendment) (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', 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 segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The adoption of this standard only results in changes in presentation of the segment information. There is no change in nature and number of segments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following revised standards, amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010, relevant to the Group and have not been early adopted.

HKAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2010). The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its reclassification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply HKAS 1 (amendment) from 1 January 2010.

HKAS 17 (amendment), 'Leases' (effective from 1 January 2010). The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17. The Group will apply HKAS 17 (amendment) from 1 January 2010.

HKAS 24 (revised), 'Related party transactions' (effective from 1 January 2011). The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose (i) the name of the government and the nature of their relationship; (ii) the nature and amount of any individually-significant transactions; and (iii) the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The Group will apply HKAS 24 (revised) prospectively to all related party transactions from 1 January 2011.

HKAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

HKAS 36 (amendment), 'Impairment of assets' (effective from 1 January 2010). The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment is to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of HKFRS 8). The Group will apply HKAS 36 (amendment) from 1 January 2010.

HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net 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 (amendment), 'Operating segments' (effective from 1 January 2010). The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment is minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. The Group will apply HKFRS 8 (amendment) from 1 January 2010.

HKFRS 9, 'Financial instruments' (effective from 1 January 2013). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment. The Group will apply HKFRS 9 from 1 January 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition (Continued)

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

Revenue from sales of properties is recognised upon the transfer of risks and rewards of ownership. Deposits and instalments received on properties sold prior to their completion are included as deferred revenue in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Gain and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties (Continued)

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 carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until the fair value becomes reasonably determinable or construction is completed (whichever is earlier).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Construction contracts (Continued)

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 contract revenue certified to date as a percentage of total contract value. Costs incurred in the period in connection with future activity 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) Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Current and deferred tax (Continued)

Deferred tax is recognised, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (Continued)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, cash flow interest-rate risk and equity price risk for available-for-sale financial assets), 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

Majority of the subsidiaries of the Group operates in the PRC with most of the transactions denominated in Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. 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.

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

At 31 December 2009, 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$4,201,000 (2008: HK$13,237,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of net RMB-denominated assets in HK subsidiaries and net HK$-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$ denominated borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would be HK$30,000 (2008: Nil) lower/higher together with an increase/decrease of finance costs of approximately HK$6,300,000 (2008: HK$2,009,000) capitalised into properties under development.

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow interest-rate risk (Continued)

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, capitalisation of finance costs into properties under development would increase/decrease by approximately HK$6,883,000 (2008: HK$4,307,000).

(iii) Equity price risk

The Group is exposed to equity securities price risk because available-for-sale financial assets are stated at fair value. At the balance sheet date, if the market value of the equity securities held by the Group increased or decreased by 10 % and all other variables were held constant, the Group's equity would increase or decrease by approximately HK$63,149,000 (2008: Nil).

(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 31).

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.

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(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 26(a)) and cash and bank balances (Note 23) 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 (including both interest and principal).

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
Group			
At 31 December 2009			
Borrowings	**723,284**	**631,439**	**–**
Trade and other payables	**222,157**	**64,566**	**19,853**
	945,441	**696,005**	**19,853**
At 31 December 2008			
Borrowings	672,499	–	–
Trade and other payables	412,811	29,993	6,518
	1,085,310	29,993	6,518
Company			
At 31 December 2009			
Amounts due to subsidiaries	**166,721**	**–**	**–**
Other payables	**14,540**	**–**	**–**
	181,261	**–**	**–**
At 31 December 2008			
Amounts due to subsidiaries	13,682	–	–
Other payables	14,521	–	–
	28,203	–	–

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

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 and borrowings of the Group represent 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 2009 and 2008 were as follows:

	2009 HK$'000	2008 HK$'000
Total borrowings (Note 26)	1,321,289	639,134
Less: Restricted cash and pledged deposits (Note 22)	(84,217)	(14,288)
Cash and bank deposits (Note 23)	(2,394,350)	(635,853)
Net cash	(1,157,278)	(11,007)
Total equity	4,734,331	1,776,978
Gearing ratio	N/A	N/A

3.3 Fair value estimation

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.

The available-for-sale financial assets comprise primarily equity securities listed in Hong Kong. As at 31 December 2009, equity securities amounting to HK$631,488,000 are measured at fair value which are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

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 2009. 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 16).

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 not recognise any impairment against goodwill for the year (2008: Nil).

(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 revenue estimated 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 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 20 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Income taxes

The Group is subject to income taxes in several 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 fair value of options granted is estimated by independent professional valuers. The value calculated requires use of assumption on expected volatility, expected life of options, expected dividend rate, excluding impact of any non-market vesting conditions, which generally represents the best estimate of the fair value of the share options at the date of grant.

(f) Revenue Recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2(e). It takes into consideration when the construction of relevant properties has been completed, the properties have been delivered to the purchasers and collectability of related consideration is reasonably assured. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

5 SEGMENT INFORMATION

(a) Operating segments

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive directors have 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
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors, fire-proof and other materials
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in the properties' values in the long term
Securities investment:	Investment of securities
Manufacturing and trading[1]:	Manufacturing and trading of lubricant oil, industrial tools and chemical products

[1] Discontinued in 2008.

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Revenue comprised the following:

	2009 HK$'000	2008 HK$'000
Continuing operations		
Revenue from real estate development and project management services	**728,393**	887,476
Revenue from specialised construction contracts	**469,193**	250,426
Gross rental and management fee income from investment properties	**46,570**	28,405
	1,244,156	1,166,307
Discontinued operations		
Sales of lubricant oil, industrial tools and chemical products	**–**	71,289
	1,244,156	1,237,596

Segment revenue and results

	Continuing operations										Discontinued operations	
	Real estate development and project management		Specialised construction		Property investment		Securities investment		Total		Manufacturing and trading	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Revenue												
Sales to external customers	**728,393**	887,476	**469,193**	250,426	**46,570**	28,405	**–**	–	**1,244,156**	1,166,307	**–**	71,289
Results												
Segment results	**163,100**	119,197	**13,089**	3,737	**74,670**	98,861	**–**	–	**250,859**	221,795	**–**	3,330
Unallocated corporate expenses									**(36,885)**	(38,901)	**–**	–
Operating profit									**213,974**	182,894	**–**	3,330
Finance income									**13,316**	17,238	**–**	–
Finance costs									**(181)**	(400)	**–**	(18)
Tax (charge)/credit									**(71,676)**	(70,948)	**–**	700
Profit after tax									**155,433**	128,784	**–**	4,012
Loss on disposal of subsidiaries									**–**	–	**–**	(4,487)
Profit/(loss) for the year									**155,433**	128,784	**–**	(475)

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment assets and liabilities

	Real estate development and project management		Specialised construction		Property investment		Securities investment		Total	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Assets										
Segment assets	2,887,905	1,674,912	285,359	241,272	1,055,240	988,244	631,488	–	4,859,992	2,904,428
Unallocated corporate assets									2,003,995	217,764
Total assets									6,863,987	3,122,192
Liabilities										
Segment liabilities	1,794,966	1,032,253	239,091	222,328	12,471	13,766	–	–	2,046,528	1,268,347
Unallocated corporate liabilities									83,128	76,867
Total liabilities									2,129,656	1,345,214

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		Corporate		Total		Manufacturing and trading	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Capital expenditure	1,956	1,395	304	646	1,690	65,833	–	–	388	19	4,338	67,893	–	346
Depreciation recognised in the consolidated income statement	929	859	646	556	1,736	930	–	–	312	431	3,623	2,776	–	550
Fair value gain on investment properties	–	–	–	–	38,780	72,877	–	–	–	–	38,780	72,877	–	–
(Reversal of impairment loss)/ impairment loss	–	–	(1,343)	(1,643)	–	52	–	–	–	–	(1,343)	(1,591)	–	–

5 SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

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

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

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

In presenting geographical information, sales are presented based on the geographical locations of the customers. Total non-current assets are presented based on the geographical locations of the assets.

	Hong Kong and Macau		The PRC		Other countries		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Continuing operations:								
External sales	**68,319**	60,812	**1,175,837**	1,105,495	**–**	–	**1,244,156**	1,166,307
Total non-current assets	**1,634,436**	965,640	**30,422**	19,001	**–**	–	**1,664,858**	984,641
Discontinued operations:								
External sales	**–**	6,767	**–**	64,286	**–**	236	**–**	71,289
Total non-current assets	**–**	–	**–**	–	**–**	–	**–**	–

6 EXPENSES BY NATURE

	2009	2008
	HK$'000	HK$'000
Amortisation of land lease premium	**411**	154
Depreciation	**3,623**	2,622
Operating lease charges – minimum lease payment in respect of land and buildings	**3,581**	6,035
Cost of properties sold	**517,783**	705,704
Auditor's remuneration	**2,350**	1,749
Net foreign exchange gain	**(5,765)**	(15,346)
Employee benefit expense (including directors' emoluments) (Note 7)	**54,896**	39,995
Provision for impairment of receivables	**–**	52
Recovery of receivables previously written-off	**(1,343)**	(1,643)
Direct out-goings arising from investment properties that generated rental income	**8,087**	3,272
Specialised construction costs	**437,784**	236,207
Selling and distribution costs	**22,875**	40,462
Legal and professional fees	**(771)**	13,304
Project management costs	**–**	320
Loss on disposal of property, plant and equipment	**67**	99
Others	**27,897**	26,070
Total of cost of sales, selling and distribution costs and administrative expenses	**1,071,475**	1,059,056

7 EMPLOYEE BENEFIT EXPENSE

	2009 HK$'000	2008 HK$'000
Wages and salaries	52,709	39,230
(Write back of provision)/provision for long service payment	(117)	193
Pension costs – defined contribution plans (Note 29)	708	439
Share option benefits	1,596	133
	54,896	39,995

(a) Directors' emoluments

The remuneration of each director of the Company ("Director", collectively "Directors") for the year ended 31 December 2009 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Employer's contributions to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
For the year ended 31 December 2009						
Mr. Sun Xiaomin (note (i))	–	–	–	–	–	–
Mr. Zhou Zhongshu (note (ii))	–	–	–	–	80	80
Mr. Qian Wenchao	–	–	150	–	154	304
Mr. He Jianbo	–	2,473	650	96	213	3,432
Mr. Yin Liang	–	1,300	450	60	142	1,952
Mr. Yan Xichuan	–	1,300	100	60	142	1,602
Ms. He Xiaoli	–	1,300	250	60	118	1,728
Mr. Lam Chun, Daniel	300	–	–	–	–	300
Mr. Selwyn Mar	310	–	–	–	–	310
Ms. Tam Wai Chu, Maria	300	–	–	–	–	300
	910	6,373	1,600	276	849	10,008

7 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of each Director of the Company for the year ended 31 December 2008 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Employer's contributions to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
For the year ended 31 December 2008						
Mr. Zhou Zhongshu (note (ii))	–	–	–	–	13	13
Mr. Qian Wenchao	–	–	150	–	13	163
Mr. He Jianbo	–	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

During the year, no Directors waived or agreed to waive any emoluments (2008: 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 (2008: Nil).

Notes:

(i) Appointed on 26 June 2009

(ii) Resigned on 26 June 2009

7 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest-paid individuals

In 2009, five highest-paid individuals in the Group include three (2008: three) directors of the Company. These Directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining two (2008: two) individuals are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and allowances	2,441	2,861
Bonuses	530	423
Employer's contributions to pension schemes	122	279
Share option benefits	130	11
	3,223	3,574

The emoluments fell within the following bands:

	2009	2008
HK$1,000,001–HK$1,500,000	–	1
HK$1,500,001–HK$2,000,000	2	–
HK$2,000,001–HK$3,000,000	–	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 (2008: Nil).

8 FINANCE INCOME AND COSTS

	2009 HK$'000	2008 HK$'000
Finance income		
Interest income from bank deposits	13,316	17,238
Finance costs		
Bank borrowings		
Wholly repayable within five years	59,528	11,571
Other loans		
Wholly repayable within five years	11,939	22,418
	71,467	33,989
Less: amount capitalised into properties under development (a)	(71,286)	(33,589)
	181	400

(a) Borrowing costs were capitalised at rates ranging from 1.07% to 5.94% (2008: 3.19% to 7.56%) per annum.

9 TAX CHARGE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rates of 20% to 25% (2008: 18% to 25%).

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.

	2009 HK$'000	2008 HK$'000
Current tax: Hong Kong		
Profits tax		
– current year	**213**	111
– prior years	**(8,668)**	–
	(8,455)	111
Current tax: PRC		
Enterprise income tax	**33,041**	23,971
Land appreciation tax	**54,222**	46,866
	87,263	70,837
Deferred tax		
Recognition of temporary differences (Note 27)	**(7,132)**	–
Tax charge	**71,676**	70,948

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:

	2009 HK$'000	2008 HK$'000
Profit before tax	**227,109**	199,732
Tax calculated at domestic tax rates applicable to profits in the respective countries	**38,071**	31,752
Over-provision of income tax in respect of prior year	**(8,668)**	–
Income not subject to tax	**(9,337)**	(15,936)
Expenses not deductible for tax purposes	**11,567**	14,949
Utilisation of previously unrecognised tax losses	**(17,937)**	(14,549)
Land appreciation tax	**54,222**	46,866
Unrecognised tax losses	**3,758**	7,866
Tax charge	**71,676**	70,948

The weighted average applicable tax rate was 16.8% (2008: 15.9%). The year-on-year change is primarily caused by a change in the relative profitability of the Group's subsidiaries in the respective countries.

10 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 HK$'000
Results	
Revenue	71,289
Expenses	(67,977)
Profit before tax from discontinued operations	3,312
Tax credit	700
Profit after tax	4,012
Loss on disposal of subsidiaries	(4,487)
Loss for the year from discontinued operations	(475)
Cash flows	
Operating cash flows	4,331
Investing cash flows	(324)
Financing cash flows	(5,580)
Total cash flows	(1,573)

11 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company includes a profit of approximately HK$15,691,000 (2008: HK$38,367,000) dealt with in the separate financial statements of the Company.

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

The calculation of basic 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.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

	2009	2008
Weighted average number of ordinary shares in issue (thousands)	**1,623,887**	902,380
Adjustment for share options (thousands)	**10,150**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,634,037**	902,380
Profit from continuing operations attributable to equity holders (HK$'000)	**128,927**	141,339
Basic earnings per share from continuing operations (HK cents)	**7.94**	15.66
Diluted earnings per share from continuing operations (HK cents)	**7.89**	15.66
Loss from discontinued operations attributable to equity holders (HK$'000)	**N/A**	(475)
Loss per share from discontinued operations (HK cents) – Basic and diluted	**N/A**	(0.05)

13 DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

14 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

	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 2009						
Opening net book amount	**64,961**	**5,349**	**2,018**	**2,463**	**2,888**	**77,679**
Exchange differences	**–**	**–**	**12**	**17**	**19**	**48**
Additions	**–**	**1,122**	**78**	**2,452**	**686**	**4,338**
Reclassification	**–**	**–**	**(273)**	**273**	**–**	**–**
Disposals	**–**	**–**	**–**	**(67)**	**–**	**(67)**
Depreciation	**(623)**	**(1,040)**	**(201)**	**(1,046)**	**(954)**	**(3,864)**
Closing net book amount	**64,338**	**5,431**	**1,634**	**4,092**	**2,639**	**78,134**
At 31 December 2009						
Cost	**65,591**	**7,388**	**6,509**	**10,839**	**7,328**	**97,655**
Accumulated depreciation and impairment	**(1,253)**	**(1,957)**	**(4,875)**	**(6,747)**	**(4,689)**	**(19,521)**
Net book amount	**64,338**	**5,431**	**1,634**	**4,092**	**2,639**	**78,134**

	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 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
Fair value 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

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2009 HK$'000	2008 HK$'000
(a) Leasehold land	**53,950**	54,552
Buildings	**10,388**	10,409
	64,338	64,961

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

	2009 HK$'000	2008 HK$'000
In Hong Kong, held on:		
Long-term leases (over 50 years)	**59,676**	60,162
In the PRC, held on:		
Long-term leases (over 50 years)	**4,662**	4,799
	64,338	64,961

(b) Property, plant and equipment with carrying amounts of approximately HK$59,676,000 (2008: Nil) have been pledged as securities for bank borrowings (Note 26(a)).

15 INVESTMENT PROPERTIES

	2009 HK$'000	2008 HK$'000
At beginning of the year	**897,959**	341,249
Acquisition of a subsidiary	**–**	476,133
Reclassification from property, plant and equipment	**–**	7,700
Fair value gain	**38,780**	72,877
At end of the year	**936,739**	897,959

The investment properties were revalued at 31 December 2009 by Vigers Appraisal & Consulting Limited, independent valuers. Valuations were performed using discounted cash flow projections based on estimates of future cash flows derived from the terms of any existing lease and other contracts and from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

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

	2009 HK$'000	2008 HK$'000
In Hong Kong, held on:		
Long-term leases (over 50 years)	**936,739**	897,959

Investment properties with carrying amounts of approximately HK$936,739,000 (2008: HK$343,959,000) have been pledged as securities for bank borrowings (Note 26(a)).

16 GOODWILL

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

	2009 HK$'000	2008 HK$'000
At beginning of the year	9,003	8,520
Exchange differences	59	483
Acquisition of a subsidiary (Note 30(b))	2,303	–
At end of the year	11,365	9,003

(b) Impairment test for goodwill

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

	2009 HK$'000	2008 HK$'000
CGU:		
Specialised construction	9,067	9,003
Property development	2,298	–
	11,365	9,003

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.

	2009 HK$'000	2008 HK$'000
Estimated growth rate	5.00%	5.00%
Discount rate	5.31%	5.31%

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 in the market.

17 SUBSIDIARIES

(a) Investments in subsidiaries

	2009 HK$'000	2008 HK$'000
Unlisted share investments, at cost	695,296	695,296
Less: provision for impairment	(615,822)	(629,759)
	79,474	65,537

(b) Loans to subsidiaries

	2009 HK$'000	2008 HK$'000
Loans to subsidiaries	47,800	47,800
Less: provision for impairment	(47,800)	(47,800)
	–	–

Loans to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Amounts due from/to subsidiaries

	2009 HK$'000	2008 HK$'000
Amounts due from subsidiaries	2,757,755	1,618,034
Less: provision for impairment	(254,124)	(254,102)
	2,503,631	1,363,932
Amounts due to subsidiaries	166,721	13,682

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

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2009:

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
Luck Achieve Limited	British Virgin Islands/ Hong Kong	2 shares of US$1 each	–	100	Securities 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
五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.) (note (iii))	PRC	RMB894,800,000	–	50.89	Property development
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
上海金橋瑞和裝飾工程有限公司 (Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd.) (note (iv))	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
珠海東方海天置業有限公司 (Zhuhai (Oriental) Blue Horrison Properties Company Limited) (note (v))	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 (Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.) (note (vi))	PRC	RMB380,000,000	–	51	Property development

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2009: (Continued)

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 2009.

(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) 五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.) is a sino-foreign equity joint venture established in the PRC with an operating period of 30 years up to 2038.

(iv) 上海金橋瑞和裝飾工程有限公司 (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.

(v) 珠海東方海天置業有限公司 (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.

(vi) 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.) is a sino-foreign equity joint venture established in the PRC with an operating period of 20 years up to 2027.

18 INVENTORIES

	2009 HK$'000	2008 HK$'000
Raw materials	**–**	1,480
Properties held for sale – located in the PRC	**170,775**	15,934
Properties under development – located in the PRC (a)	**2,222,586**	1,217,523
	2,393,361	1,233,457
	2,393,361	1,234,937

(a) Properties under development

	2009 HK$'000	2008 HK$'000
Land use rights	**1,766,693**	731,673
Construction in progress	**455,893**	485,850
	2,222,586	1,217,523

As at 31 December 2008, properties under development with carrying amounts of approximately HK$428,665,000 have been pledged as securities for bank borrowings (Note 26(a)).

19 TRADE AND OTHER RECEIVABLES

The Group

	2009 HK$'000	2008 HK$'000
Trade and contract receivables, net (a)	231,783	169,812
Retention receivables (Note 20)	42,271	46,454
Deposits	6,932	7,479
Prepayments (b)	24,244	22,726
Others	18,288	4,967
	323,518	251,438

The Company

	2009 HK$'000	2008 HK$'000
Deposits	130	143
Prepayments	6,837	254
Others	1,197	65
	8,164	462

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

The Group

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	31,556	19,984
RMB	291,962	231,454
	323,518	251,438

The Company

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	8,164	462

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

The Group

	2009 HK$'000	2008 HK$'000
0 to 90 days	94,437	97,235
91 to 180 days	62,658	21,665
181 days to 1 year	11,852	32,618
1 year to 2 years	55,178	13,371
Over 2 years	8,863	6,119
	232,988	171,008
Less: provision for impairment	(1,205)	(1,196)
	231,783	169,812

No credit period is granted by the Group to the customers for trade and contract receivables.

Majority of trade and contract receivables are with customers having 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$231,783,000 (2008: HK$169,812,000) 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:

	2009 HK$'000	2008 HK$'000
Past due days		
0 to 90 days	94,437	97,235
91 to 180 days	62,658	21,665
Over 180 days	74,688	50,912
	231,783	169,812

Trade and contract receivables of HK$1,205,000 (2008: HK$1,196,000) 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:

	2009 HK$'000	2008 HK$'000
Past due days		
Over six months	1,205	1,196

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

	2009 HK$'000	2008 HK$'000
At beginning of the year	1,196	10,638
Exchange differences	9	382
Disposal of subsidiaries	–	(170)
Provision for impairment	–	52
Receivables written off during the year as uncollectible	–	(9,706)
At end of the year	1,205	1,196

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

(b) As at 31 December 2009, prepayments include prepaid taxes and other charges of approximately HK$3,620,000 (2008: HK$16,265,000) in relation to the deferred revenue received.

The other items 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.

20 CONSTRUCTION CONTRACTS IN PROGRESS

	2009 HK$'000	2008 HK$'000
Contract costs incurred plus recognised profits less recognised losses	869,387	582,217
Less: progress billings	(866,411)	(581,889)
Gross amounts due from customers for contract work	2,976	328

Retentions held by customers for contract work included in trade and other receivables of the Group under Note 19 amounted to approximately HK$42,271,000 (2008: HK$46,454,000).

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 HK$'000	2008 HK$'000
At beginning of the year	–	–
Additions	557,737	–
Fair value gain	73,751	–
At end of the year	631,488	–

Available-for-sale financial assets include the following:

	2009 HK$'000	2008 HK$'000
Unlisted equity securities, PRC	243,600	243,600
Less: provision for impairment	(243,600)	(243,600)
	–	–
Listed equity securities, Hong Kong	631,488	–
Total	631,488	–

22 RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	2009 HK$'000	2008 HK$'000
Restricted cash	10,877	8,687
Pledged deposits	73,340	5,601
	84,217	14,288

As at 31 December 2009, the weighted average effective interest rate was 0.73% (2008: 3.19%) per annum.

The Company

	2009 HK$'000	2008 HK$'000
Pledged deposits	5,624	5,601

As at 31 December 2009, the weighted average effective interest rate was 0.07% (2008: 1.7%) per annum.

22 RESTRICTED CASH AND PLEDGED DEPOSITS (CONTINUED)

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

The Group

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	5,624	5,601
RMB	78,593	8,687
	84,217	14,288
Maximum exposure to credit risk	84,217	14,288

The Company

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	5,624	5,601
Maximum exposure to credit risk	5,624	5,601

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 26(a)).

23 CASH AND BANK DEPOSITS

The Group

	2009 HK$'000	2008 HK$'000
Cash at banks	240,850	287,074
Short-term deposits	2,153,335	348,657
Cash on hand	165	122
Cash and bank deposits (a)	2,394,350	635,853
Maximum exposure to credit risk	2,394,185	635,731

Short-term deposits mature in approximately 18 days (2008: 16 days) from the balance sheet date. As at 31 December 2009, the weighted average effective interest rate was 0.31% (2008: 1.90%) per annum.

23 CASH AND BANK DEPOSITS (CONTINUED)

The Company

	2009 HK$'000	2008 HK$'000
Cash at banks	**8,839**	14,756
Short-term deposits	**1,657,744**	12,615
Cash on hand	**21**	17
Cash and bank deposits (a)	**1,666,604**	27,388
Maximum exposure to credit risk	**1,666,583**	27,371

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

The Group

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	**1,666,412**	56,001
RMB	**371,544**	575,959
US dollar	**356,372**	3,873
Other currencies	**22**	20
	2,394,350	635,853

The Company

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	**1,310,237**	27,229
US dollar	**356,345**	139
Other currencies	**22**	20
	1,666,604	27,388

24 SHARE CAPITAL

	2009 No. of shares ('000)	2009 Amount HK$'000	2008 No. of shares ('000)	2008 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	2,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
Balance at beginning of the year	**1,113,832**	**111,383**	773,832	77,383
Issue of shares on rights issue (note (i))	**556,916**	**55,692**	–	–
Issue of shares on share subscription and placing (note (ii))	**612,000**	**61,200**	–	–
Issue of shares as consideration for acquisition of a subsidiary (note (iii))	**450,039**	**45,004**	340,000	34,000
Balance at end of the year	**2,732,787**	**273,279**	1,113,832	111,383

Notes:

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

(ii) On 26 August 2009 and 29 December 2009, the Company completed share subscription and placing at HK$2.10 and HK$2.45 per share respectively. As a result, 222,000,000 and 390,000,000 ordinary shares of HK$0.1 each were allotted and issued respectively.

(iii) During the year ended 31 December 2009, the Company allotted and issued 450,039,669 (2008: 340,000,000) ordinary shares of HK$0.1 each at HK$1.56 (2008: HK$1.58) per share for the acquisition of subsidiaries.

(iv) Transaction costs related to the issuance of new shares in 2009 amounted to approximately HK$17,031,000 (2008: Nil).

24 SHARE CAPITAL (CONTINUED)

(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 expired prior to 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 per share, which represents the closing price of the Company's shares on the Stock Exchange of Hong Kong Limited on the date of grant. The number of shares and exercise price were subsequently adjusted as set out below as a result of the rights issue completed on 30 June 2009. Details of the share options granted (after adjustments) are as follows:

Category of participants	Exercisable period of share options	2009 Exercise price HK$	2008 Exercise price HK$	2009 Number of share options ('000)	2008 Number of share options ('000)
Directors	1 December 2010 to 30 November 2018	**0.45**	0.51	**7,367**	7,850
Employees	1 December 2010 to 30 November 2018	**0.45**	0.51	**6,267**	5,780
Others	1 December 2010 to 30 November 2018	**0.45**	0.51	**1,700**	–
				15,334	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.

24 SHARE CAPITAL (CONTINUED)

(a) Share options (Continued)

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

	2009 Number of share options ('000)	2008 Number of share options ('000)
At beginning of the year	13,630	–
Granted	–	13,630
Lapsed	(113)	–
Adjustment on rights issue	1,817	–
At end of the year	15,334	13,630

(iii) The fair value of the share options granted in 2008 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.

25 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$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
Balance at 1 January 2008	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
Fair value 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 at 31 December 2008	914,142	600,412	769	133	–	48,172	1,314	(94,265)	1,470,677
Issue of new shares	2,468,336	–	–	–	–	–	–	–	2,468,336
Employee share option benefits	–	–	–	1,596	–	–	–	–	1,596
Fair value gain of available-for-sale financial assets	–	–	–	–	73,751	–	–	–	73,751
Currency translation adjustments	–	–	–	–	–	3,092	–	–	3,092
Profit for the year	–	–	–	–	–	–	–	128,927	128,927
Balance as at 31 December 2009	3,382,478	600,412	769	1,729	73,751	51,264	1,314	34,662	4,146,379

25 RESERVES (CONTINUED)

(b) Company

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2008	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**
Issue of new shares	**2,468,336**	**–**	**–**	**–**	**–**	**2,468,336**
Employee share option benefits	**–**	**–**	**–**	**1,596**	**–**	**1,596**
Profit for the year	**–**	**–**	**–**	**–**	**15,691**	**15,691**
Balance at 31 December 2009	**3,382,478**	**575,220**	**769**	**1,729**	**(151,239)**	**3,808,957**

(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 stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the PRC are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves and enterprise expansion fund, at rates determined by their respective boards of directors. There was no appropriation for the year ended 31 December 2009 (2008: Nil).

26 BORROWINGS

	2009 HK$'000	2008 HK$'000
Non-current		
Loan from a minority investor of a subsidiary, unsecured (Note 33)	**211,691**	–
Bank borrowings, secured (a)	**390,714**	–
	602,405	–
Current		
Bank borrowings, secured (a)	**310,500**	259,222
Loan from a fellow subsidiary, secured (Note 33)	**–**	169,711
Loan from a minority investor of a subsidiary, unsecured (Note 33)	**408,384**	210,201
	718,884	639,134
Total borrowings	**1,321,289**	639,134

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2009 amounted to approximately HK$831,713,000 (2008: HK$361,517,000), of which approximately HK$106,533,000 (2008: HK$81,396,000) was unutilised. As at 31 December 2009, the assets pledged by the Group as securities for the banking facilities are as follows:

(i) fixed deposits of the Group and the Company of approximately HK$73,340,000 (2008: HK$5,601,000) and approximately HK$5,624,000 (2008: HK$5,601,000) respectively;

(ii) Investment properties with carrying amounts of approximately HK$936,739,000 (2008: HK$343,959,000);

(iii) Property, plant and equipments with carrying amounts of approximately HK$59,676,000 (2008: Nil); and

(iv) corporate guarantees given by the Company.

26 BORROWINGS (CONTINUED)

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

	2009 HK$'000	2008 HK$'000
Bank borrowings		
Within one year	310,500	259,222
In the second to fifth year	390,714	–
	701,214	259,222
Loan from a fellow subsidiary		
Within one year	–	169,711
Loans from minority investors of subsidiaries		
Within one year	408,384	210,201
In the second year	211,691	–
	620,075	210,201

(c) Borrowings of approximately HK$912,905,000 (2008: HK$639,134,000) are on a floating interest rate basis. The effective interest rates at the balance sheet dates were as follows:

	2009 HK$	2009 RMB	2008 HK$	2008 RMB
Non-current				
Bank loans	2.08%	5.94%	–	–
Loan from a minority investor of a subsidiary	–	5.40%	–	–
Current				
Bank loans	1.42%	–	3.19%	5.67%
Loan from a fellow subsidiary	–	–	–	5.67%
Loan from a minority investor of a subsidiary	–	–	–	5.40%

The fair values of borrowings approximate their carrying amounts. The fair values are based on cash flows discounted using borrowing rates as at 31 December 2009 ranged from 0.85% to 5.94% (2008: 4.78%) per annum.

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

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	1,041,384	200,857
RMB	279,905	438,277
	1,321,289	639,134

27 DEFERRED TAX

	2009 HK$'000	2008 HK$'000
Deferred tax assets	**7,132**	–
Deferred tax liabilities	**(7,069)**	(7,069)
	63	(7,069)

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

	2009 HK$'000	2008 HK$'000
Timing difference on cost recognition		
At beginning of the year	**–**	–
Recognised in the consolidated income statement	**7,132**	–
At end of the year	**7,132**	–

Deferred tax liabilities

	2009 HK$'000	2008 HK$'000
Fair value gain		
At beginning of the year	**123**	123
Recognised in the consolidated income statement	**–**	–
At end of the year	**123**	123
Accelerated depreciation		
At beginning of the year	**6,946**	–
Acquisition of a subsidiary	**–**	6,946
At end of the year	**6,946**	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 2009, the Group had unrecognised tax losses in Hong Kong of approximately HK$93,701,000 (2008: HK$143,648,000) to carry forward against future taxable income; these tax losses have no expiry date. As at 31 December 2009, the Group had unrecognised tax losses in the PRC of approximately HK$9,824,000 (2008: HK$30,505,000). These tax losses will expire by 2015.

27 DEFERRED TAX (CONTINUED)

Deferred tax liabilities (Continued)

Deferred tax liabilities of HK$6,745,000 (2008: HK$3,056,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Such earnings are expected to be reinvested.

28 TRADE AND OTHER PAYABLES

The Group

	2009 HK$'000	2008 HK$'000
Trade, bills and contract payables (a)	**306,576**	134,333
Retention payables	**41,956**	39,810
Accruals and other payables	**326,526**	258,968
Rental deposits received	**6,814**	5,081
Amounts due to minority investors of subsidiaries (Note 33)	**16,462**	11,130
	698,334	449,322

The Company

	2009 HK$'000	2008 HK$'000
Accruals and other payables	**14,540**	14,521

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

The Group

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	**51,824**	49,050
RMB	**631,558**	389,142
US dollar	**14,952**	11,130
	698,334	449,322

28 TRADE AND OTHER PAYABLES (CONTINUED)

The Company

	2009 HK$'000	2008 HK$'000
Hong Kong dollar	**14,540**	14,521

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

	2009 HK$'000	2008 HK$'000
0 to 90 days	**166,358**	68,618
91 to 180 days	**44,069**	19,659
181 days to 1 year	**11,730**	19,763
1 year to 2 years	**64,566**	18,879
Over 2 years	**19,853**	7,414
	306,576	134,333

29 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 pension scheme and MPF scheme are expensed as incurred. Contributions to the pension scheme are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. No forfeited contributions (2008: HK$217,000) were utilised during the year and there were no unutilised forfeited contributions available as at 31 December 2009 (2008: 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.

30 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2009 HK$'000	2008 HK$'000
Profit before tax		
– continuing operations	227,109	199,732
– discontinued operations	–	3,312
Interest income	(13,316)	(17,238)
Interest expense	181	418
Depreciation	3,623	3,326
Fair value gain on investment properties	(38,780)	(72,877)
Loss on disposals of property, plant and equipment	67	99
Share option benefits	1,596	133
Provision for impairment of receivables	–	52
Operating profit before working capital changes	180,480	116,957
Decrease in other assets	–	437
(Increase)/decrease in inventories	(59,558)	103,350
(Increase)/decrease in trade and other receivables	(72,059)	1,761
(Increase)/decrease in gross amounts due from customers for contract work	(2,648)	547
Increase in trade and other payables	248,338	181,781
Decrease in deferred revenue	(153,668)	(638,250)
(Decrease)/increase in other liabilities	(6,481)	2,860
Exchange adjustments	6,959	36,799
Cash generated from/(used in) operations	141,363	(193,758)

30 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries

On 21 April 2009, the Group acquired 50.89% equity interest of Minmetals Property Development Nanjing Co., Ltd. ("Nanjing JV") which is principally engaged in real estate development. On 4 September 2009, the Group acquired 100% of the share capital of Luck Achieve Limited ("Luck Achieve") which is principally engaged in investment holding.

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

	Nanjing JV As at 21 April 2009 HK$'000	**Luck Achieve As at 4 September 2009 HK$'000**	Texion As at 15 August 2008 HK$'000
Net assets acquired			
Property, plant and equipment	**–**	**–**	60,345
Investment properties	**–**	**–**	476,133
Available-for-sale financial assets	**–**	**557,737**	–
Inventories	**1,027,339**	**–**	–
Current tax recoverable	**–**	**–**	707
Trade and other receivables	**21**	**–**	857
Cash and bank deposits	**6,594**	**171,984**	11,937
Trade and other payables	**(544)**	**–**	(5,833)
Borrowings	**(16,501)**	**–**	–
Deferred tax liabilities	**–**	**–**	(6,946)
Minority interests	**(11,389)**	**–**	–
	1,005,520	**729,721**	537,200
Satisfied by cash	**1,007,823**	**–**	–
Satisfied by allotment of shares	**–**	**729,721**	537,200
Total consideration	**1,007,823**	**729,721**	537,200
Goodwill	**2,303**	**–**	–

The fair values of all assets and liabilities acquired as of the respective acquisition dates approximate their carrying amounts.

30 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

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

	2009 HK$'000	2008 HK$'000
Cash and bank deposits acquired	**178,578**	11,937
Less: cash consideration	**1,007,823**	–
Net cash (outflow)/inflow in respect of the acquisition of subsidiaries	**(829,245)**	11,937

(c) Disposal of subsidiaries

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

	Carrying amounts as at 31 March 2009 HK$'000	Carrying amounts as at 31 December 2008 HK$'000
Property, plant and equipment	**–**	1,127
Loan receivables	**1,003,717**	–
Inventories	**–**	7,138
Trade and other receivables	**9,290**	10,524
Cash and bank deposits	**–**	3,649
Shareholder's loan	**(841,498)**	–
Trade and other payables	**(8,016)**	(5,895)
Total net assets	**163,493**	16,543
Percentage of net assets disposed	**48.53%**	100%
Net assets disposed	**79,343**	16,543
Loss on disposal of subsidiaries	**–**	(4,487)
Proceeds on disposal	**79,343**	12,056
Net inflow of cash and cash equivalents on disposal:		
Proceeds received in cash	**79,343**	12,056
Cash and cash equivalents in subsidiaries disposed	**–**	(3,649)
	79,343	8,407

31 FINANCIAL GUARANTEES

As at 31 December 2009, the Company had executed corporate guarantees amounting to approximately HK$763,499,000 (2008: HK$310,291,000), to various banks in respect of banking facilities extended to subsidiaries. As at 31 December 2009, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$656,966,000 (2008: HK$228,895,000).

As at 31 December 2009, 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$410,289,000 (2008: HK$422,249,000).

32 COMMITMENTS

(a) The Group had capital commitments as follows:

	2009 HK$'000	2008 HK$'000
Contracted but not provided for		
Property development	**310,967**	289,816
Capital contribution in a new property development company	**–**	514,101
Others	**–**	187
	310,967	804,104

As at 31 December 2009, the Company did not have any outstanding capital commitments (2008: Nil).

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

	2009 HK$'000	2008 HK$'000
Not later than one year	**2,826**	4,010
Later than one year but not later than five years	**2,875**	199
	5,701	4,209

As at 31 December 2009, the Company did not have any operating lease commitments (2008: Nil).

32 COMMITMENTS (CONTINUED)

(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:

	2009 HK$'000	2008 HK$'000
Not later than one year	**30,950**	35,897
Later than one year but not later than five years	**21,503**	19,410
	52,453	55,307

As at 31 December 2009, the Company did not have any future lease receipts (2008: Nil).

33 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 suppliers/customers 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.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2009 HK$'000	2008 HK$'000
Construction project management service revenue from a fellow subsidiary (note (i))	–	563
Specialised construction revenue from related companies (note (ii))	91,577	78,036
Specialised construction costs to related companies (note (ii))	85,124	62,271
Construction costs to a fellow subsidiary for real estate development projects (note (iii))	91,368	114,450
Construction costs to related companies for real estate development projects (note (ii))	–	82,554
Rental income from fellow subsidiaries (note (iv))	6,262	2,407
Rental expenses and license fees to fellow subsidiaries (note (iv))	–	1,392
Loan interest expense to a minority investor of a subsidiary (note (v))	11,920	15,316
Loan interest expenses to fellow subsidiaries (note (vi))	9,843	6,480
Interest expense to a fellow subsidiary (note (vii))	–	621
Loan interest expenses to state-owned banks (note (ii))	33,183	11,172
Bank interest income from state-owned banks (Note (ii))	10,689	17,022
Payment to local governments in the PRC for settlement of land costs (note (ii))	980,019	–

(b) Balances with related parties

	2009 HK$'000	2008 HK$'000
Contract and other receivables from related companies for specialised construction contracts (note (ii))	108,664	71,009
Contract payable to a fellow subsidiary for real estate development projects (note (iii))	37,074	21,469
Contract payable to a related company for real estate development projects (note (ii))	17,667	59,958
Loans from minority investors of subsidiaries (note (v))	620,075	210,201
Short-term loans from a fellow subsidiary (note (vi))	–	169,711
Amounts due to minority investors of subsidiaries (note (viii))	16,462	11,130
Bank borrowings from state-owned banks (note (ii))	698,391	251,658
Bank deposits in state-owned banks (note (ii))	2,421,179	638,471

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	2009 HK$'000	2008 HK$'000
Salaries and short-term employee benefits	**8,883**	8,002
Pension costs – defined contribution plans	**276**	60
Share option benefits	**849**	77
	10,008	8,139

Notes:

(i) Construction project management service revenue received from a fellow subsidiary of the Company were based on terms mutually agreed by both parties.

(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) Construction costs to a fellow subsidiary of the Company for real estate development projects were based on terms mutually agreed by both parties.

(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, long-term loan from a minority investor of a subsidiary, 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 2011. The remaining balance of HK$408,384,000 was unsecured, non-interest bearing and with no fixed repayment terms.

(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 and was repaid during the year.

(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.

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

34 EVENT AFTER BALANCE SHEET DATE

Subsequent to 31 December 2009, the Group, together with a JV partner (the "Joint Partners"), have entered into a co-operation agreement with a co-organiser in relation to the preparation of a piece of land located in Xianghe County, Langfang City of Hebei Province, the PRC. The land has a site area ranging from an initial phase of approximately 20 hectares to approximately 534 hectares in total. The total consideration payable by the Joint Partners in obtaining the land, subject to adjustment, may range from approximately HK$303 million to approximately HK$5,922 million.

Glossary of Terms

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	annual general meeting of the Company for 2010
"Board"	the board of directors of the Company
"Bye-laws"	the Bye-laws of the Company
"CG Code"	the Code on Corporate Governance Practices
"Cheemimet"	Cheemimet Finance Limited
"Cheerglory Traders"	Cheerglory Traders Limited
"China Minmetals"	China Minmetals Corporation
"CMID"	Minmetals Investment & Development Co., Ltd.
"Company" or "Minmetals Land"	Minmetals Land Limited
"Condo HK"	Condo (Hong Kong) Decoration Engineering Company Limited
"DCPCL"	Dragon Construction (Nanjing) Properties Co., Ltd.
"Director(s)"	director(s) of the Company
"Eastern Master"	Eastern Master (HK) Limited
"Ershisanye"	Ershisanye Construction Group Co., Ltd.
"Glory Dragon"	Glory Dragon Development Limited
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Hunan Jiasheng"	Hunan Jiasheng Real Estate Development Co., Ltd.
"Jiahe Risheng"	Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.
"June Glory"	June Glory International Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Luck Achieve"	Luck Achieve Limited
"Macau"	the Macau Special Administrative Region of the PRC
"Minmetals Finance"	Minmetals Finance Company Limited
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited
"Minmetals Property Nanjing"	Minmetals Property Development Nanjing Co., Ltd.
"MLI"	Minmetals Land Investments Limited

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"Mountain Trend"	Mountain Trend Global Limited
"Newglory"	Newglory International Limited
"OFL"	ONFEM Finance Limited
"PRC"	the People's Republic of China
"Rights Issue"	the 2 for 1 rights issue of the Company conducted in May 2009
"RMB"	Renminbi
"SFO"	Securities and Futures Ordinance
"Shareholder(s)"	the shareholder(s) of the Company
"Share(s)"	the ordinary share(s) of par value HK$0.1 each of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 29 May 2003
"Share Placements"	the placement of Shares which took place in August and December 2009 respectively
"SJQ"	Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Texion"	Texion Development Limited
"Tianjin Binhaixinqu"	Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd.
"US$"	United States dollars
"Virtyre"	Virtyre Limited
"Zhongrun Chengzhen"	Hunan Zhongrun Chengzhen Real Estate Co., Ltd.
"%"	per cent

五礦建設有限公司*
MINMETALS LAND LIMITED

香港九龍尖沙咀漆咸道南七十九號中國五礦大廈十八樓
18th Floor, China Minmetals Tower, 79 Chatham Road South,
Tsimshatsui, Kowloon, Hong Kong
電話 Tel : 2613 6363
傳真 Fax : 2581 9823
網址 Website: www.minmetalsland.com

*For identification purpose only 僅供識別