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

2010 Annual Report
年報

*For identification purpose only 僅供識別

About Us

Minmetals Land Limited is a subsidiary and the sole listed real estate flagship of China Minmetals Corporation. Minmetals Land's principal business includes real estate development and specialised construction. Currently, its real estate development business covers the Pearl River Delta, Yangtze River Delta and the Pan Bohai Rim regions while the specialised construction business that based in Shanghai and Hong Kong has coverage in fifteen provinces and cities in the country.

Contents

Corporate Information

NON-EXECUTIVE DIRECTORS
Mr. Sun Xiaomin – Chairman
Mr. Pan Zhongyi
Mr. Tian Jingqi
Mr. Liu Zeping

EXECUTIVE DIRECTORS
Mr. Qian Wenchao – Deputy Chairman
Mr. He Jianbo – Managing Director
Mr. Yin Liang – Senior Deputy Managing Director
Ms. He Xiaoli – Deputy Managing Director
Mr. Yang Lu – 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

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

2010 Event Highlights

JANUARY

Joined hands with a wholly-owned subsidiary of China Vanke Co., Ltd. to develop real estate development project in Xianghe County, Hebei Province

JUNE

Mr. Pan Zhongyi, Mr. Tian Jingqi, Mr. Liu Zeping were appointed as non-executive Directors and Mr. Yang Lu was appointed as an executive Director of Minmetals Land

JULY

Acquisition of three parcels of residential land of an aggregate site area of approximately 396,000 sq.m. in Yingkou City, Liaoning Province

Acquisition of five parcels of residential land of an aggregate site area of approximately 265,000 sq.m. in Xianghe County, Hebei Province

SEPTEMBER

Acquisition of six parcels of residential land of an aggregate site area of approximately 281,000 sq.m. in Xianghe County, Hebei Province

Jointly developed, in stages, with a local partner a parcel of residential land with a site area of up to approximately 977,000 sq.m. in Boluo County, Huizhou, Guangdong Province

NOVEMBER

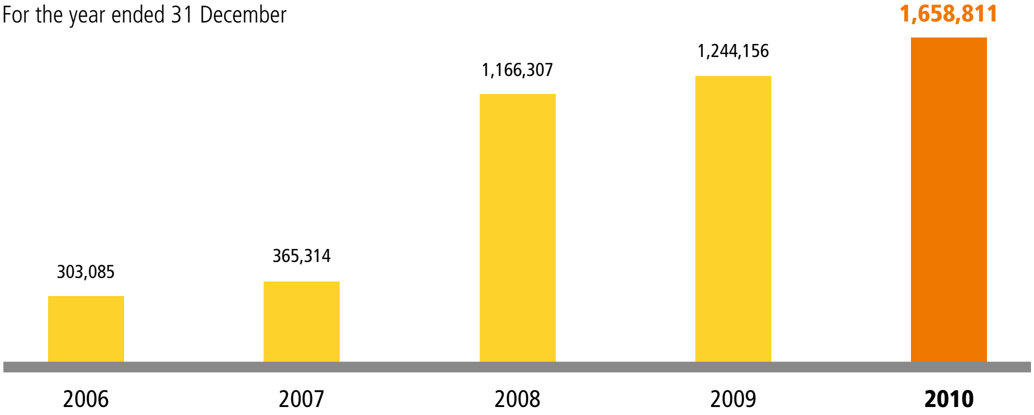
Successful bid with a wholly-owned subsidiary of China Vanke Co., Ltd. to acquire two parcels of residential land of an aggregate site area of approximately 139,000 sq.m.
in Xibeiwang Town, Haidian District, Beijing

DECEMBER

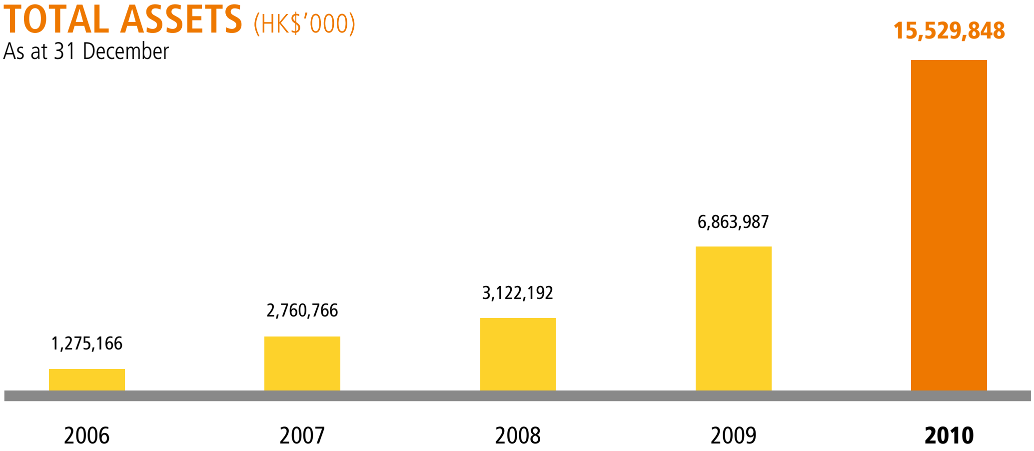
Completion of the injection of equity interests of two real estate development projects in Changsha and one real estate development project in Tianjin by China Minmetals

Financial Highlights

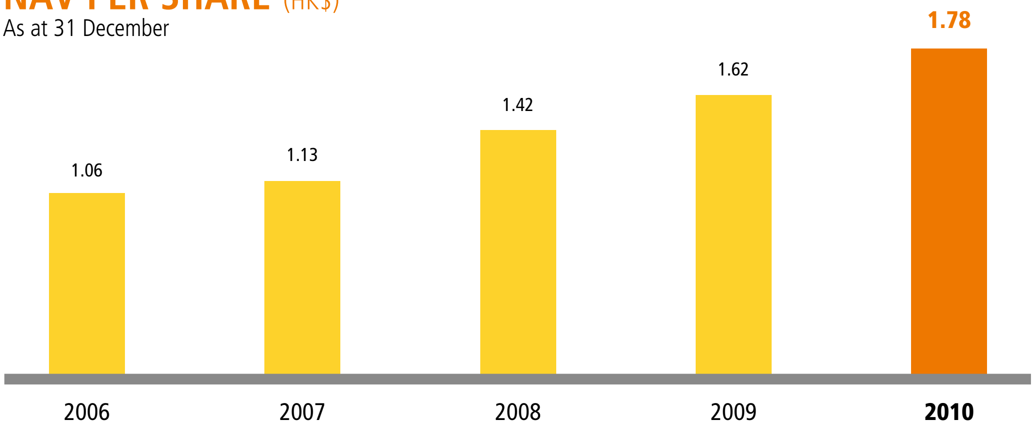
REVENUE (HK$'000)
For the year ended 31 December



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



NAV PER SHARE (HK$)
As at 31 December



Five-Year Financial Summary

	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
Results					
Revenue	**1,658,811**	1,244,156	1,166,307	365,314	303,085
Operating profit	**809,019**	213,974	182,894	151,420	106,671
Finance income	**14,111**	13,316	17,238	8,580	1,562
Finance costs	**(1,867)**	(181)	(400)	(1,561)	(948)
Share of results of associated companies	**(2,936)**	–	–	–	–
Profit before tax	**818,327**	227,109	199,732	158,439	107,285
Tax charge	**(209,565)**	(71,676)	(70,948)	(229)	(1,440)
Profit for the year from continuing operations	**608,762**	155,433	128,784	158,210	105,845
(Loss)/profit for the year from discontinued operations	**–**	–	(475)	1,288	–
Profit for the year	**608,762**	155,433	128,309	159,498	105,845
Profit attributable to:					
Equity holders of the Company	**526,913**	128,927	140,864	162,653	105,845
Non-controlling interests	**81,849**	26,506	(12,555)	(3,155)	–
Assets and liabilities					
Non-current assets	**1,910,965**	1,664,858	984,641	370,503	329,538
Current assets	**13,618,883**	5,199,129	2,137,551	2,390,263	945,628
Total assets	**15,529,848**	6,863,987	3,122,192	2,760,766	1,275,166
Capital and reserves attributable to equity holders of the Company	**5,922,870**	4,419,658	1,582,060	878,090	817,829
Non-controlling interests	**356,476**	314,673	194,918	195,246	–
Total equity	**6,279,346**	4,734,331	1,776,978	1,073,336	817,829
Non-current liabilities	**801,238**	614,152	18,228	213,345	105,866
Current liabilities	**8,449,264**	1,515,504	1,326,986	1,474,085	351,471
Total liabilities	**9,250,502**	2,129,656	1,345,214	1,687,430	457,337
Total equity and liabilities	**15,529,848**	6,863,987	3,122,192	2,760,766	1,275,166

Group Properties

Nanjing

Laguna Bay

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 310,000 square metres
Gross floor area	:	Approximately 316,000 square metres
Group's interest	:	71%
Expected construction completion date	:	4Q 2011

GFA **219,000** sq.m.

Riveria Royale

Project	:	**Riveria Royale**
Location	:	No. 188 Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 73,000 square metres
Gross floor area	:	Approximately 219,000 square metres
Group's interest	:	50.89%
Expected construction completion date	:	4Q 2011

Changsha

LOHAS International Community

Project	:	**LOHAS International Community**
Location	:	At Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 633,000 square metres
Gross floor area	:	Approximately 1,049,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2013

GFA **450,000** sq.m.

Scotland Town

Project	:	**Scotland Town**
Location	:	At Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 311,000 square metres
Gross floor area	:	Approximately 450,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2014

Group Properties

Tianjin

Minmetals International

Project	:	**Minmetals International**
Location	:	At east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin, the PRC
Usage	:	Commercial and residential
Site area	:	Approximately 21,000 square metres
Gross floor area	:	Approximately 184,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2Q 2011

GFA **184,000** sq.m.

Hebei

Beijing Celebration City

Project	:	**Beijing Celebration City**
Location	:	Jingxintun Town, Xianghe County, Langfang City, Hebei Province, the PRC
Usage	:	Residential
Site area	:	Approximately 281,000 square metres (Phase I)
Gross floor area	:	Approximately 225,000 square metres (Phase I)
Group's interest	:	50%
Expected construction completion date	:	4Q 2011

GFA **225,000 sq.m.**

Yingkou

Yingkou Project

Project	:	**Yingkou Project**
Location	:	Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province, the PRC
Usage	:	Residential
Site area	:	Approximately 396,000 square metres
Gross floor area	:	Approximately 581,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2015

Huizhou

Huizhou Project

Project	:	**Huizhou Project**
Location	:	Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province, the PRC
Usage	:	Residential
Site area	:	Approximately 578,000 square metres
Gross floor area	:	Approximately 578,000 square metres
Group's interest	:	65%
Expected construction completion date	:	2016

Group Properties

Beijing

Xibeiwang Project

Project	:	**Xibeiwang Project**
Location	:	Xibeiwang Town, Haidian District, Beijing, the PRC
Usage	:	Residential
Site area	:	Approximately 139,000 square metres
Gross floor area	:	Approximately 355,000 square metres
Group's interest	:	51%
Expected construction completion date	:	2013

GFA **355,000** sq.m.

Nanjing

Fongshan Project

Project	:	**Fongshan Project**
Location	:	At south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 179,000 square metres
Gross floor area	:	Approximately 182,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2014

GFA **182,000** sq.m.

Hong kong

China Minmetals Tower

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

ONFEM Tower

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

Chairman's Statement

Going forward, the Group is determined to further excel in building management and operational excellence, to make advance on its brand building initiative and to improve upon its risk control capabilities.

Sun Xiaomin
Chairman

It gives me great pleasure in presenting the Group's performance for the financial year ended 31 December 2010 which was recorded as a thriving year of operation.

MARKET OVERVIEW

As the sole listed real estate flagship of China Minmetals in Hong Kong, the Group has an unwavering commitment for the development of an expanding and increasingly diversified portfolio of real estate development projects in the PRC. In 2010, the Chinese economy had gained further momentum and property prices had generally reached higher levels. Nevertheless, for the year under review, the most noticeable event of the PRC property market was the gradual tightening in policy, to the latest restrictive mode, which is highly likely to spread from selected major cities to cover more localities. During the course of the year, as the property market had reached an extent that signs of exuberance had obviously emerged on prices, the regulatory authorities had reacted forcefully and steadfastly to the spiraling prices and feverish market conditions with a strings of policy initiatives and intervention measures, aiming to limit the liquidity that can be directed for property developments, increase the cost of housing transactions, penalize land hoarding by developers, increase supply of affordable housing and, lately, to impose conditions for property purchase. These government measures had sent strong signals to the market, resulting in substantially reduced transaction volume in those cities where implementation details were issued. It is generally agreed that such combat measures will inject an element of price stability in the short term and would be beneficial for the longer term, steady development of the overall property market in the PRC.

As the property industry is likely destined for further consolidation the impacts of these policy developments had been unevenly felt by developers, depending mostly on their own financial resources, the availability of credit facility and geographical focus. For market operators equipped with the requisite financial liquidity and banking facilities, any signs of market correction and potential forced sale by weaker hands will create opportunities to replenish their land bank at reasonable prices. Likewise, for developers exposing more to second tier cities where demand remains reasonably robust and price surge is less sporadic, the current cooling measures are likely to cause less severe direct impacts.

These tightening measures are likely to remain as government policy themes well into 2011, and it remains to be seen whether the PRC market will be headed for a soft landing or even a protracted period of lower activity. It is noteworthy, however, that the fundamental conditions underpinning property purchase over the past few years including a low interest rate environment, reasonably robust economic performance and sustained demand driven by owner-occupier, upgrade and investment are likely to continue to persist in the foreseeable future. The Group will continue to pay full attention as events within the industry unfold; to ensure all our practices and initiatives are in full support and compliance with government rules and policy propositions; and to take advantage of any opportunities for further business expansion.

Chairman's Statement

RESULTS

Amidst the challenging and oscillating operating conditions, and a generally very competitive business climate, significant inroads had indeed been made by the Group during the year under review with record profitability. Total revenue of the Group increased from HK$1,244.2 million in 2009 to HK$1,658.8 million in 2010, representing a year-on-year growth of 33.3%. Profit for the year was HK$608.8 million, an increase of 291.8% compared with HK$155.4 million in 2009. Including in this year's profit is a non-recurring item of HK$332.3 million, arising from the acquisition of interests in subsidiaries.

This increase in underlying profit reflects very strong contribution from the real estate development operating segment and increased contribution from the Group's specialised construction operating segment. Construction and delivery of property units presold in previous years are in line with schedules enabling the recognition of income. More significantly, the Group has risen to another level within the industry landscape following the completion of several acquisition transactions which expanded its scale of operations and added diversity to development mix. As of 31 December 2010, the Group's land bank measured approximately 4.1 million square metres, rising significantly from approximately 1.5 million square metres in the preceding financial year. Subsequent to the acquisition of another site of approximately 179,000 square metres in Nanjing in January 2011, the Group's land bank increased further to approximately 4.3 million square metres.

Additions of professional and staff members had been made during the year, in line with the Group's business developments. Operating capabilities had also been enhanced in tandem with the Group's enlarged scale of developments, leading to better brand recognition for "Minmetals Land" amongst home buyers. Such improved market awareness can be reflected by the very encouraging presale results during the year both in terms of prices realised and volume sold, paving the foundation for future profitability. With strong cash inflow from successful project presale, the Group's total cash on hand and available bank facilities stood at HK$3,362.9 million and HK$595.5 million as of 31 December 2010, respectively. These substantial financial resources will enable the Group to capitalise upon any opportunities for site acquisitions that may arise in the coming years.

STRATEGIES AND PROSPECTS

The Group's strength lies in its core competence in real estate development including identifying suitable development opportunities; planning and design; project implementation; sales and marketing; and post-delivery property management – all of which had been substantially boosted during the year of 2010 as a result of persistent investments, management attention and staff dedication. With China Minmetals' unrelenting support, and coupled with our own ample financial resources, the Group is well positioned for further expansion in the real estate development operating segment. Other business activities of the Group are also undergoing various stages of business upgrades.

Going forward, the Group is determined to further excel in building management and operational excellence, to make advance on its brand building initiative and to improve upon its risk control capabilities. All these will help improve upon the Group's overall competitive position in the PRC real estate market and give reasons for the Group to be confident of its growth prospects.

ACKNOWLEDGEMENTS

On behalf of the Board, I want to pay tribute to Mr. Yan Xichuan who stepped down during the year from his roles of Executive Director and Deputy Managing Director after 8 years' service to the Group. For his valuable contribution over many years we owe him a deep debt of gratitude and wish him well. I would also like to welcome Mr. Pan Zhongyi, Mr. Tian Jingqi, Mr. Liu Zeping and Mr. Yang Lu in joining the Board and believe that their wealth of experience in various professional areas will bring tremendous benefits to the development of the Group.

I take this opportunity to thank also all our customers and shareholders for their continuous support and confidence and the Group is optimistic in delivering higher shareholders' value and return in the future. Finally, I am grateful to all our staff members whose exemplified commitment, dedication and hard work are central to our continuing success.

Sun Xiaomin
Chairman

Hong Kong, 28 March 2011

Management Discussion and Analysis

The Group's position as the sole listed real estate flagship of China Minmetals in Hong Kong has gained further dimensions in the year ended 31 December 2010, with an expanded real estate development portfolio in more localities in the PRC, a more established and efficient operating platform, and further inroads in building recognition for the Minmetals Land's brand name in the PRC's property market.

He Jianbo
Managing Director

OVERVIEW

The Group's position as the sole listed real estate flagship of China Minmetals in Hong Kong has gained further dimensions for the year ended 31 December 2010, with an expanded real estate development portfolio in more localities in the PRC, a more established and efficient operating platform, and further inroads in building recognition for the Minmetals Land's brand name in the PRC's property market. The progress was made against the backdrop of further streamlining of China Minmetals' business segments, amongst others, for its real estate development operation. During the year, the Group has set its vision to further enhance its overall operating efficiency and management system for its real estate development business in the areas of budgeting, cost controls, and sales and marketing capabilities. The resultant performance is reflected in higher revenue as pre-sold properties were completed and delivered to owners as scheduled and continued better-than-expected presale results on the one hand; and widened profit margin as a result of stringent cost controls and refined property mix of deliveries on the other. In addition, the Group also operates two property-related core activities, namely specialised construction and property investment, both of which had performed satisfactorily, making a remarkable year of operation for the Group.

2010 will be remembered as a year when substantial increases were recorded in property prices in the PRC, culminating to the announcement of a series of control measures; policy intervention and eventually purchase restrictions in several major cities beginning the second quarter of the year. As purchase restrictions have became one of the main policy themes, it is widely expected that such measures will be introduced in more cities in tandem with the national target of price stabilization for the real estate market. The Group has and will continue to monitor the policy developments closely and take necessary steps in adjusting its own pace of development to synchronise with prevailing government policies. Further, the Group is of the view that such adjustment measures are likely to be beneficial, in a longer term, for the sustainable development of the real estate industry in the PRC as a whole.

The strong and continuing support from the controlling shareholder, China Minmetals, in the years ahead can be readily expected. Hence, in monitoring the industry development, special emphasis will be placed on potential opportunities for the acquisition of additional projects and the expansion of its land bank, aiming to achieve better economies of scale and a more diversified real estate development portfolio for sustained developments. Looking ahead, with the committed support of the controlling shareholder, the Group has full confidence in achieving further business growth in the future.

Management Discussion and Analysis

CONSOLIDATED RESULTS

The Group recorded total revenue of HK$1,658.8 million for the financial year ended 31 December 2010, representing an increase of 33.3% as compared with HK$1,244.2 million reported in 2009. The main impetus of the satisfactory performance is primarily the strong contribution from the operating segment of real estate development.

For the year under review, profit for the year has shown an even more notable increase from HK$155.4 million in 2009 to HK$608.8 million, representing a rise of 291.8%. Including in the profit attributable to shareholders for the year is a gain of HK$332.3 million (2009: Nil) representing the excess of fair value of net assets acquired over the cost of acquisition of interests in subsidiaries. Consequently, basic earnings per share increased from HK7.94 cents in 2009 to HK19.14 cents in 2010.

TOTAL REVENUE BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2010		2009		**Change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**1,182.2**	**71.3**	728.4	58.5	**+62.3**
Specialised construction	**427.6**	**25.8**	469.2	37.7	**-8.9**
Property investment	**49.0**	**2.9**	46.6	3.8	**+5.2**
Total revenue	**1,658.8**	**100.0**	1,244.2	100.0	**+33.3**

TOTAL RESULTS BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2010		2009		**Change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**773.6**	**87.6**	163.1	65.0	**+374.3**
Specialised construction	**26.4**	**2.9**	13.1	5.2	**+101.5**
Property investment	**77.4**	**8.8**	74.7	29.8	**+3.6**
Securities investment	**5.8**	**0.7**	–	–	**N/A**
Total segment profit	**883.2**	**100.0**	250.9	100.0	**+252.0**

REAL ESTATE DEVELOPMENT

Following the acquisitions made during the year, the Group's portfolio of real estate development comprises nine projects in seven cities in the PRC as at 31 December 2010. It is noteworthy that the Group's real estate development portfolio has been expanded not only in terms of footage but also in diversification and geographical spread, and the project in Tianjin also marks the first time involvement of the Group in a commercial development. The table below summarises the position of the Group's real estate development projects, as at 31 December 2010:

Location/Project	Site area (sq.m.)	Estimated gross floor area (sq.m.)	Attributable interest to the Group
Nanjing, Jiangsu Province			
– Laguna Bay	310,000	316,000	71.00%
– Riveria Royale	73,000	219,000	50.89%
Changsha, Hunan Province			
– LOHAS International Community	633,000	1,049,000	100.00%
– Scotland Town	311,000	450,000	100.00%
Tianjin			
– Minmetals International	21,000	184,000	100.00%
Langfang, Hebei Province			
– Beijing Celebration City	281,000	225,000	50.00%
Yingkou, Liaoning Province			
– Yingkou Project	396,000	581,000	100.00%
Huizhou, Guangdong Province			
– Huizhou Project	578,000	578,000	65.00%
Haidian District, Beijing			
– Xibeiwang Project	139,000	355,000	51.00%

Attributable profit from this operating segment for the year ended 31 December 2010 totalled HK$773.6 million as compared with HK$163.1 million in 2009, principally attributable to the recognition of revenue from Phase II and Phase III of Laguna Bay and Part I and Part II of Phase I of LOHAS International Community.

REAL ESTATE DEVELOPMENT (Cont'd)

The real estate market in the PRC recorded substantial upward price adjustments in 2009, and concerns about runaway property prices and excessive speculation in property have led to the introduction of policy tightening measures commencing in the second quarter of 2010 and purchase restrictions for non-residents in several major cities towards the end of the year. Such measures had the intended effect to put property prices in track and setting a stage of price stabilization and substantially reduced transactions. The Group's real estate development projects that were in pre-sale and had booked revenue in 2010 are in the second tier cities where the price surge was not as substantial as those in major cities such as Beijing and Shanghai. The impact of such measures on the real estate market in these cities was therefore less dramatic. Presale programme launched during the year had successfully recorded better than budgeted prices and results, thanks to strong market demand from buyers and the positive market sentiment, as well as to the growing recognition of the Minmetals Land's brand building efforts and its stringent cost control measures. As a reflection of the strong presale results, as at 31 December 2010, total deferred revenue of the Group stood at HK$2,598.7 million as compared with HK$41.2 million in the prior year. While the real estate presale contracted during the year of 2010 has laid the foundation for future revenue recognition and the management is confident of the Group's profit outlook, close attention will be placed to monitor the policy and regulatory changes, market movements and to make appropriate adjustment on the Group's strategies in project developments and marketing campaigns.

Apart from the sales and marketing efforts, improvements had also been made on the overall operation and management of this operating segment with the further upgrade and strengthening of its own real estate development competency, and dedication of additional resources in project budgeting and management.

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

1. Laguna Bay

The Group has a 71% interest in this residential project which is located in Nanjing, Jiangsu Province providing approximately 316,000 square metres of gross floor area. Laguna Bay is developed under three phases comprising villas and apartment units. In 2010, a total of 590 units measuring 67,049 square metres had been completed and delivered to purchasers and correspondingly, sales proceeds of approximately HK$716.7 million of the contracted sale had been recognised in the year (2009: HK$477.2 million). The pre-sale of high rise apartments of Phase III of this project was launched in 2010 and the contract sum for units sold but not yet delivered amounted to HK$245.0 million as at 31 December 2010.

The pre-sale and completion schedules of Laguna Bay are as below:

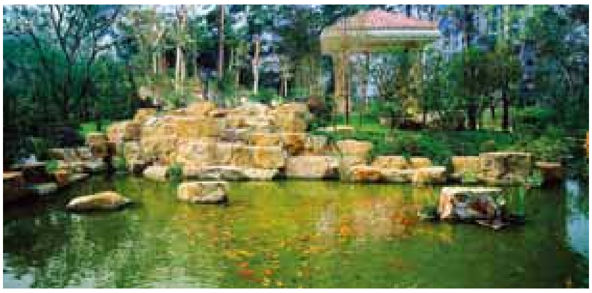
	Total gross saleable floor area (sq.m.)			
	Total	Contracted sales in 2010	Contracted sales up to 2009	Delivered in 2010
Phase I	68,000	**100**	57,478	**199**
Phase II	44,000	**14,556**	18,122	**16,674**
Phase III	159,000	**71,136**	–	**50,176**
Total	271,000	**85,792**	75,600	**67,049**

REAL ESTATE DEVELOPMENT (Cont'd)

1. **Laguna Bay (Cont'd)**

The Group is reasonably optimistic about the outlook for real estate price in the Nanjing City, with the promising economic growth prospect and improved transportation network amongst the Yangtze Delta Region. The Group will monitor closely the market developments with a view to launching the next phase of the pre-sale programme.

2. **Riveria Royale**



This residential project is also located in Nanjing and will be developed into approximately 219,000 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. Villa and high rise of 69,245 square metres had been pre-sold. Delivery of these presold units is expected in 2011 onwards hence no contribution to revenue in the year under review.

	Total gross saleable floor area (sq.m.)			
	Total	Contracted sales in 2010	Contracted sales up to 2009	Delivered in 2010
Total	211,000	69,245	–	–

3. **LOHAS International Community**

In December 2010, the Group has completed the acquisition of the remaining 49% interest in this project from China Minmetals, the controlling shareholder of the Company. This large-scale residential project is located in Changsha City in Hunan Province with a site area of approximately 633,000 square metres, which will be developed in five phases with ancillary facilities such as clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden. The planned gross floor area is approximately 1,049,000 square metres. The current status of this project is set out in the table below and it is expected that the whole project will be completed in 2013.

Management Discussion and Analysis

REAL ESTATE DEVELOPMENT (Cont'd)

3. LOHAS International Community (Cont'd)

	Total gross saleable floor area (sq.m.)			
	Total	Contracted sales in 2010	Contracted sales up to 2009	Delivered in 2010
Phase I (Part I)	65,000	8,750	51,668	17,619
Phase I (Part II)	58,000	44,347	–	36,143
Phase II to V	771,000	–	–	–
Total	894,000	53,097	51,668	53,762

The Group has recognised revenue of HK$463.9 million in 2010 from LOHAS International Community (2009: HK$235.6 million), representing the villas delivered under Part I and Part II of Phase I of this project measuring an aggregate gross saleable floor area of 53,762 square metres (2009: 40,903 square metres). Phase II of the project has been earmarked for presale during the year of 2011.

4. Scotland Town

The Group has another project in the Changsha City, namely Scotland Town which was also acquired from China Minmetals in December 2010. The site area of this project is approximately 311,000 square metres and the first phase of development is planned for villas. The presale programme had commenced in 2009. Construction works for the second phase are scheduled to begin in the first half of 2011 with ancillary commercial and club house and basement car parks.

	Total gross saleable floor area (sq.m.)			
	Total	Contracted sales in 2010	Contracted sales up to 2009	Delivered in 2010
Phase I	145,000	58,478	31,425	49,765
Phase II	296,000	–	–	–
Total	441,000	58,478	31,425	49,765

REAL ESTATE DEVELOPMENT (Cont'd)

5. Minmetals International

Minmetals International is an office cum residential apartments project located in Tianjin City with a site area of approximately 21,000 square metres. It is a twin-tower of commercial, office and residential buildings with a basement for car parks. The planned gross floor area is approximately 184,000 square metres. Presale of this project had commenced and as at 31 December 2010, total contracted sales value was HK$991.4 million for total gross saleable floor area of 48,483 square metres.

	Total gross saleable floor area (sq.m.)			
	Total	Contracted sales in 2010	Contracted sales up to 2009	Delivered in 2010
Total	142,000	**48,483**	–	–

6. Beijing Celebration City

This is a residential project and owned as to 50% by the Group. It is located in Langfang City, Xianghe County, Heibei Province, strategically and conveniently situated at the mid-point between Beijing and Tianjin. As at 31 December 2010, this project had acquired land with an aggregate site area of approximately 281,000 square metres which may be increased further to 5,340,000 square metres, subject to relevant laws and regulations. Pre-sale of Phase I of this project is expected to be launched in the second quarter of 2011.

7. Yingkou Project

This project is wholly owned by the Group and is located in Yingkou City, Liaoning Province. The site area is approximately 396,000 square metres and upon completion is expected to provide total gross floor area of approximately 581,000 square metres. This project has commenced foundation work and pre-sale is expected to be launched in the last quarter of 2011.

8. Huizhou Project

The 65% equity interest of this project company was acquired for HK$140.7 million by the Group in December 2010 and has marked the Group's second project in the Guangdong Province after the success of The Grand Panorama Project in Zhuhai. Planning for this 578,000 square metres site is underway and pre-sale of the first phase is scheduled to be in the last quarter of 2011.

9. Xibeiwang Project

This project comprises two sites that were newly acquired by the Group together with a joint partner in 2010 for a consideration of HK$6,142.8 million. It represents another milestone for the Group's real estate development as the first project in the capital city of the PRC. This project has a total site area of approximately 139,000 square metres and is currently under planning and design. It is scheduled for pre-sale in 2011.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction which has principle business in the design and installation of curtain walls through two wholly-owned subsidiary companies: SJQ for the PRC market and Condo HK for the Hong Kong and Macau markets. Despite that revenue from this operating segment registered a decrease in 2010, a combination of better cost controls and different contract mix had generated better results at the profit level. Profit for this operating segment was HK$26.4 million in 2010, up from HK$13.1 million in 2009.

Management Discussion and Analysis

SPECIALISED CONSTRUCTION (Cont'd)

SJQ

Guangzhou Asian Games Town Gymnasium metal roof construction project

Performance of SJQ in 2010 had reflected the benefits of higher volume of works during the year, with the notable completion of the Shanghai Expo Performing Arts Centre in Shanghai and several high speed train stations in several major cities. Despite a more competitive market and rising costs in general, SJQ recorded a revenue of HK$413.0 million (including HK$16.8 million generated from inter-company transactions (2009: HK$25.3 million)) compared with HK$472.8 million in 2009. The outlook for the PRC market is a combination of strong supply of new construction works, contrasted by anticipated continuous rise in materials and labour costs, and the focus ahead for SJQ is to strengthen its contract log for major developments and to maintain tight cost control.

Curtain Wall System for the North Satellite Concourse Building at Hong Kong International Airport

Condo HK

Condo HK has adopted a new corporate identity of Minmetals Condo (Hong Kong) Engineering Company Limited in September 2010 targeted to better leverage upon the Group's strong brand name recognition in the market. A notable increase in revenue in 2010 was made by this subsidiary company, from HK$21.7 million in 2009, including an amount of HK$0.2 million from inter-company transactions, to HK$31.4 million. Despite the satisfactory improvement on the top line as a result of higher volume of construction and infrastructure works, Condo HK would have to deal with the challenges of rising costs, inflation and more intense competition during the year. In anticipation of more robust business growth in the future, the professional team has been expanded and more emphasis will be placed on cost control and lifting operational efficiency to ensure a healthy margin can be maintained for all contracts on hand and future projects to be undertaken. In addition, Condo HK had obtained "ISO9001" and "ISO14001" certifications in the beginning of 2011 which would enhance its overall competitiveness 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, complemented by four residential units, all of which are located in Hong Kong. In 2010, revenue from this operating segment registered a commendable improvement of 5.2%, rising from HK$46.6 million in 2009 to HK$49.0 million in 2010, attributable to a generally stronger office market in Hong Kong and better tenant mix leading to higher rental income from rental renewals. The ONFEM Tower is enjoying nearly full occupancy and the effect of generally upward rental trend in Central of Hong Kong. For the China Minmetals Tower, a new anchor tenant has been secured after the completion of a major alteration work for the retail space, which has a positive impact on the overall marketability and achieved rental value for the building. The Group will continue to seek further refinements to enhance the quality and value of its portfolio while exerting stringent cost control.

MAJOR DEVELOPMENTS SUBSEQUENT TO YEAR END

The Company announced on 30 January 2011 the acquisition of approximately 179,000 square meters of residential land within the Science Park in Jiangning District of Nanjing City at RMB1 billion (approximately HK$1.2 billion) at an auction held on 28 January 2011. Covering a maximum gross floor area of approximately 182,000 square meters, the cost is approximately RMB5,500 per square metre in terms of gross floor area. The location of the land is considered ideally suited for development into a low-density and high-end residential community.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group derived its funds mainly from cash generated from business operations, bank borrowings and borrowings from a fellow subsidiary of the Company.

During the year, substantial cash flow has been generated from the Group's various business activities which, coupled with the significant banking facilities, has provided a strong financial resources for the Group. As at the end of 2010, total cash and bank balances of the Group stood at HK$3,362.9 million, 35.7% higher than the corresponding figure in 2009. The Group also has satisfactory business relationships with various banks which have provided combined banking facilities of HK$1,628 million to the Group as at the end of 2010, representing an increase of 95.7% over the corresponding figure in 2009.

As at 31 December 2010, cash and bank deposits of the Group excluding restricted cash and bank deposits were HK$3,249.9 million (2009: HK$2,394.4 million), of which 43.7%, 52.9%, and 3.4% were denominated in Renminbi, Hong Kong dollar and United States dollar respectively (2009: 15.5%, 69.6% and 14.9%). Unutilized banking facilities of the Group amounted to HK$595.5 million as at 31 December 2010 (2009: HK$106.5 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, non-controlling shareholders of subsidiaries of the Company and a fellow subsidiary of the Company amounting to HK$4,064.7 million (2009: HK$1,321.3 million). The gearing ratio of net debt to total equity of the Group as at 31 December 2010 was 11% (2009: N/A, as the Group was at a net cash position), the increment was due to the increase in borrowings for investment in new real estate development projects.

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

	31 December 2010		31 December 2009	
	HK$ million	**%**	HK$ million	%
Within one year	**3,493.0**	**85.9**	718.9	54.4
In the second to fifth year	**571.7**	**14.1**	602.4	45.6
	4,064.7	**100.0**	1,321.3	100.0

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

	31 December 2010		31 December 2009	
	HK$ million	**%**	HK$ million	%
Renminbi	**3,123.8**	**76.9**	279.9	21.2
Hong Kong dollar	**940.9**	**23.1**	1,041.4	78.8
	4,064.7	**100.0**	1,321.3	100.0

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

Other than a loan from a non-controlling shareholder of a subsidiary of HK$408.4 million (2009: HK$408.4 million), the Group's borrowings were on a floating interest rate basis. Finance costs charged to the consolidated income statement for the year ended 31 December 2010 amounted to HK$1.9 million (2009: HK$0.2 million) after capitalisation of HK$42.4 million (2009: HK$71.3 million) into the cost of properties under development.

Capital contribution commitments in a property development company as at 31 December 2010 amounted to HK$291.0 million (2009: Nil). 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 dollar, 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 dollar and Renminbi. As such, the Group has exposure to exchange rate movements between Hong Kong dollars and RMB. 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 2010, 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 2010, 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$970.8 million (2009: HK$936.7 million),

ii. land and buildings of HK$62.6 million (2009: HK$59.7million),

iii. property under development with carrying amounts of approximately HK$943.8 million (2009: Nil).

FINANCIAL GUARANTEES AND CONTINGENT LIABILTIES

Details of the financial guarantees of the Company and the Group are set out in Note 32 to the consolidated financial statements.

EMPLOYEES

During the year, the Group has substantially augmented its human resources to commensurate with its ongoing business expansion. As at 31 December 2010, the Group employed 520 (2009: 355) staff, including the Directors. It has become noticeable that the employment market in Hong Kong has tightened during the year with a corresponding positive increment on wages and salaries. 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 2010 were HK$76.6 million (2009: HK$54.9 million).

He Jianbo
Managing Director

Hong Kong, 28 March 2011

Corporate Governance Report

The Board is pleased to present the corporate governance report for the year ended 31 December 2010.

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 which is principally 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 2010, 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 of the Company 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. Sun Xiaomin, the Chairman of the Board and of the remuneration committee, was not available for the Company's annual general meeting for 2010 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.

BOARD OF DIRECTORS (Cont'd)

The Board currently comprises twelve members, the composition of which is 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	*		
Ms. He Xiaoli	Deputy Managing Director & Executive Director	*		
Mr. Yang Lu	Deputy Managing Director & Executive Director	*		
Mr. Pan Zhongyi	Non-executive Director			
Mr. Tian Jingqi	Non-executive Director			
Mr. Liu Zeping	Non-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.

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 Independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent.

BOARD OF DIRECTORS (Cont'd)

The Board held four meetings in 2010. Notice of at least fourteen days is given for a regular Board meeting. The attendance of Directors is as follows:

Name of Director	Attendance
Mr. Sun Xiaomin	3/4
Mr. Qian Wenchao	3/4
Mr. He Jianbo	4/4
Mr. Yin Liang	4/4
Ms. He Xiaoli	4/4
Mr. Yang Lu (appointed on 1 June 2010)	2/2
Mr. Pan Zhongyi (appointed on 1 June 2010)	2/2
Mr. Tian Jingqi (appointed on 1 June 2010)	0/2
Mr. Liu Zeping (appointed on 1 June 2010)	2/2
Mr. Lam Chun, Daniel	4/4
Mr. Selwyn Mar	4/4
Ms. Tam Wai Chu, Maria	4/4
Mr. Yan Xichuan (resigned on 1 June 2010)	2/2

The Directors acknowledged that they have a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to Shareholders. The Company enables the Directors, upon request, to seek advice from independent professional advisors 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.

Having made specific enquiry of all Directors, they have confirmed in writing that they had complied with the Rules for Securities Transactions throughout the year ended 31 December 2010.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements that 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 2010, the Directors ensured that the consolidated financial statements had been prepared in accordance with statutory requirements and applicable accounting standards; 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 PwC, 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 CONTROL

The Board has overall responsibilities for internal control system of the Group and, through the Audit Committee, reviewed its effectiveness 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 decision system and budgeting system for performance appraisal etc.

During the year ended 31 December 2010, the Audit Committee 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 namely, Mr. Selwyn Mar, Ms. Tam Wai Chu, Maria and Mr. Lam Chun, Daniel. 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 2010. The attendance of the members of the Audit Committee is as follows:

Members of the Audit Committee	Attendance
Mr. Selwyn Mar – Chairman	2/2
Mr. Lam Chun, Daniel	1/2
Ms. Tam Wai Chu, Maria	2/2

The major tasks accomplished by the Audit Committee during the year are as follows:

a. reviewed the consolidated financial statements of the Group for the year ended 31 December 2009 and the independent auditor's letter to the management, 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 2010 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 2010;

e. reviewed and made recommendations to the Board on the remuneration and terms of engagement of the independent auditor for providing 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 systems;

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 PwC as the Company's independent auditor for the year ending 31 December 2011. The Company will put forward a resolution in respect of the re-appointment of PwC as the Company's independent auditor for the year ending 31 December 2011 for approval by Shareholders at the AGM.

B. Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, the Managing Director and all the Independent Non-executive Directors. 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.

The Remuneration Committee held two meetings in 2010. The attendance of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee	Attendance
Mr. Sun Xiaomin – Chairman	0/2
Mr. He Jianbo	2/2
Mr. Lam Chun, Daniel	2/2
Mr. Selwyn Mar	2/2
Ms. Tam Wai Chu, Maria	2/2

During the year, the Remuneration Committee reviewed and discussed the 2009 bonus proposal, the remuneration of directors and senior management and the share option of a resigned Director.

AUDITOR'S REMUNERATION

For the year ended 31 December 2010, PwC, the independent auditor of the Group, received approximately HK$3.59 million (2009: HK$2.35 million) for audit services, and approximately HK$0.57 million (2009: HK$3.83 million) for non-audit services which include the review of the 2010 interim report.

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 Group.

Directors' and Senior Management's Profile

DIRECTORS


Mr. Sun Xiaomin


Mr. Qian Wenchao


Mr. He Jianbo


Mr. Yin Liang


Ms. He Xiaoli

Mr. Sun Xiaomin, aged 56, 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 46, 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 14 years of experience in corporate financial management.

Mr. He Jianbo, aged 41, 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 and is a director of Minmetals HK. Mr. He has over 18 years of experience in corporate management, strategic planning and investment.

Mr. Yin Liang, aged 42, 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.

Ms. He Xiaoli, aged 43, 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.

Directors' and Senior Management's Profile

DIRECTORS (Cont'd)


Mr. Yang Lu


Mr. Pan Zhongyi


Mr. Tian Jingqi


Mr. Liu Zeping


Mr. Lam Chun, Daniel

Mr. Yang Lu, aged 53, was appointed as an Executive Director and a Deputy Managing Director of the Company in June 2010. 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 joined the Company as the General Manager of the Real Estate Development Department in May 2007 and assists the initial management of new projects and oversees the business development of real estate development projects of the Company in the PRC. He was previously employed to managerial positions in various companies of China Overseas Holdings Limited 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 China Overseas Holdings Limited. Mr. Yang has extensive experience in the development, operation and management of construction contracting and real estate development business.

Mr. Pan Zhongyi, aged 47, was appointed as a Non-executive Director of the Company in June 2010. He graduated from Northeast Normal University in 1989 with a Bachelor's Degree in English and is an Assistant International Business Engineer in the PRC. Mr. Pan joined China Minmetals in 1996 and is an Assistant to the President of China Minmetals, a Deputy General Manager of the Real Estate and Construction Division of China Minmetals and the General Manager of Minmetals (Yingkou) Industrial Park Development Co., Ltd.. Mr. Pan has extensive experience in real estate development, corporate management and trading business.

Mr. Tian Jingqi, aged 47, was appointed as a Non-executive Director of the Company in June 2010. Mr. Tian obtained a Bachelor's Degree from Beijing University of Iron and Steel Technology (now known as University of Science and Technology Beijing) in 1985 and a Master's Degree in Business Administration from China Europe International Business School in 1998. He is a Senior International Business Engineer in the PRC and a Chartered Builder. Mr. Tian joined China Minmetals in 1988 and is a Deputy General Manager of the Real Estate and Construction Division of China Minmetals and the General Manager of Minmetals Real Estate. Mr. Tian has extensive experience in real estate and international trading business.

Mr. Liu Zeping, aged 42, was appointed as a Non-executive Director of the Company in June 2010. Mr. Liu holds a Bachelor's Degree from Military Academy of Engineering and an Executive Master's Degree in Business Administration from Tsinghua University. He is a Qualified Senior Engineer in the PRC. Mr. Liu joined China Minmetals in 1992 and is a Deputy General Manager of the Real Estate and Construction Division of China Minmetals and the President of Ershisanye. Mr. Liu has extensive experience in real estate development and construction business.

Mr. Lam Chun, Daniel, aged 65, 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 director of the Urban Renewal Authority and was a member of the Hong Kong Housing Authority, Chairman of its Building Committee and a member of its Administrative Appeals Board, 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.

DIRECTORS (Cont'd)


Mr. Selwyn Mar


Ms. Tam Wai Chu, Maria

Mr. Selwyn Mar, aged 75, 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 33 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 HKSAR.

Ms. Tam Wai Chu, Maria, aged 65, 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 45, joined the Company as the Deputy General Manager in December 2008. Mr. Xu is also a director and the general manager of SJQ, a wholly-owned subsidiary of the Company engaged in specialised construction business in the PRC. 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 48, 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, and is the general manager of Condo HK, a wholly-owned subsidiary of the Company engaged in specialised construction business in Hong Kong. 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. Leung Kin Hong, aged 40, 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.

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 2010.

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 business 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 55.

The Directors recommend the payment of a final dividend of HK1 cent (2009: Nil) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Thursday, 26 May 2011.

The dividend cheques will be distributed to shareholders on or about Wednesday, 15 June 2011.

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 25 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 26 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 pages 6 to 15.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2010, calculated in accordance with the Companies Act of Bermuda, amounted to HK$448,797,000 (2009: HK$424,750,000).

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 60,428,544, representing approximately 1.81% 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 share 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 share options already granted or to be granted to such eligible person under the Share Option Scheme (including exercised, cancelled and outstanding share 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 share 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 a share option

The Directors may in their absolute discretion determine the period during which a share 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 share option subject to the provisions for early termination thereof.

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

The offer of a share 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 share 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 share 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 share 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 share options during the year ended 31 December 2010 are as follows:

Category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of share options: As at 1 January 2010	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2010
(i) Directors								
Mr. Qian Wenchao	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,473,333	–	–	–	1,473,333
Mr. He Jianbo	1 December 2008	1 December 2010 to 30 November 2018	0.45	2,040,000	–	–	–	2,040,000
Mr. Yin Liang	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,360,000	–	–	–	1,360,000
Ms. He Xiaoli	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,133,333	–	–	–	1,133,333
Mr. Yang Lu	1 December 2008	1 December 2010 to 30 November 2018	0.45	680,000	–	–	–	680,000
(ii) Employees and others	1 December 2008	1 December 2010 to 30 November 2018	0.45	8,647,334	–	1,256,300	113,333	7,277,701
				15,334,000	–	1,256,300	113,333	13,964,367

Note: These share options are exercisable in three tranches: the maximum percentage of share options of each tranche 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 share options were granted, lapsed or were cancelled in accordance with the terms of the Share Option Scheme during the year.

The Company will put forward an ordinary resolution on the refreshment of the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company at the AGM for Shareholders' approval.

DIRECTORS

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

Non-executive Directors

Mr. Sun Xiaomin
Mr. Pan Zhongyi (appointed on 1 June 2010)
Mr. Tian Jingqi (appointed on 1 June 2010)
Mr. Liu Zeping (appointed on 1 June 2010)

Executive Directors

Mr. Qian Wenchao
Mr. He Jianbo
Mr. Yin Liang
Ms. He Xiaoli
Mr. Yang Lu (appointed on 1 June 2010)
Mr. Yan Xichuan (resigned on 1 June 2010)

Independent Non-executive Directors

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

Mr. Pan Zhongyi, Mr. Tian Jingqi, Mr. Liu Zeping and Mr. Yang Lu will retire from the office of Director at the AGM in accordance with Bye-law 102 of the Bye-Laws and, being eligible, offer themselves for re-election. Mr. Lam Chun, Daniel will retire from the office of Director at the AGM in accordance with Bye-law 111(A) of the Bye-Laws and, being eligible, offer 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' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the interests of the Directors in businesses which might compete with the Group during the year ended 31 December 2010 were as follows:

1. Mr. Pan Zhongyi, a non-executive Director of the Company, is also a director and the general manager of Minmetals (Yingkou) Industrial Park Development Co., Ltd., an enterprise established under the laws of the PRC which is engaged in the development of Minmetals (Yingkou) Industrial Park.

2. Mr. Tian Jingqi, a non-executive Director of the Company, is also a director and the general manager of Minmetals Real Estate, an enterprise established under the laws of the PRC which is engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business.

DIRECTORS' INTERESTS IN COMPETING BUSINESS (Cont'd)

3. Mr. Liu Zeping, a non-executive Director of the Company, is also a director and the president of Ershisanye, an enterprise established under the laws of the PRC which is engaged in construction engineering, mining development and operations, real estate and related industries business.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with business of the Group.

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

As at 31 December 2010, 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 to 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	0.0009%

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

Save as disclosed above, as at 31 December 2010, 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 2010.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the sections headed "Share Option" 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 2010.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, 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 (Note 1)	61.95%
Minmetals HK	2,066,211,506 (Note 1)	61.95%
June Glory	2,066,211,506 (Note 1)	61.95%
Mr. Osbert Lyman	170,139,862 (Note 2)	5.10%
Strategic Power International Limited	170,139,862 (Note 2)	5.10%

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. Strategic Power International Limited is owned as to 70% by Mr. Osbert Lyman. In view that Strategic Power International Limited had direct and indirect interests in 19,290,000 Shares and 150,849,862 Shares respectively, each of Strategic Power International Limited and Mr. Osbert Lyman was interested in an aggregate of 170,139,862 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 2010:

1. DCPCL (a subsidiary owned as to 71% by the Company) and Ershisanye (an associate of Minmetals HK) 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 the circular dated 21 August 2007. The construction work has been completed during the year and is pending for the finalisation of completion account.

2. Jiahe Risheng (Note 1) (a wholly-owned subsidiary of the Company) 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 the circular dated 30 September 2008. The construction work has been completed during the year and is pending for the finalisation of completion account.

CONTRACTS OF SIGNIFICANCE (Cont'd)

3. MLI (a wholly-owned subsidiary of the Company) as purchaser, Mountain Trend (a wholly-owned subsidiary of Minmetals HK) as seller and China Minmetals as seller's guarantor and warrantor entered into a conditional sale and purchase agreement on 13 November 2009 and the supplemental agreement on 29 September 2010 for the acquisition of the Targets (as defined in the circular of the Company dated 30 November 2009) from Mountain Trend. Details of the transaction have been published in the Company's announcements dated 13 November 2009, 29 September 2010 and 20 December 2010 and the circular dated 30 November 2009. The transaction was completed on 22 December 2010.

4. Jiahe Risheng and Minmetals Real Estate (a fellow subsidiary of Minmetals HK) entered into a Renminbi loan agreement dated 16 December 2010, details of which are set out below:

Amount of the loan	:	RMB60,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of Jiahe Risheng

5. Zhongrun Chengzhen (Note 2) (a wholly-owned subsidiary of the Company) and Minmetals Real Estate entered into a Renminbi loan agreement dated 16 December 2010, details of which are set out below:

Amount of the loan	:	RMB152,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of Zhongrun Chengzhen

6. Minmetals Land Beijing (a wholly-owned subsidiary of the Company) and Minmetals Real Estate entered into a Renminbi loan agreement dated 16 December 2010, details of which are set out below:

Amount of the loan	:	RMB280,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of the Group

7. Minmetals Land Beijing and Minmetals Real Estate entered into a Renminbi loan agreement dated 29 December 2010, details of which are set out below:

Amount of the loan	:	RMB1,753,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of the Group

CONTRACTS OF SIGNIFICANCE (Cont'd)

8. Zhongrun Chengzhen and Minmetals Real Estate entered into a Renminbi loan agreement dated 31 December 2010, details of which are set out below:

Amount of the loan	:	RMB10,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of Zhongrun Chengzhen

Notes:

1. Jiahe Risheng was a 51% owned subsidiary of the Company. On 22 December 2010, the Company acquired the remaining 49% interest of Jiahe Risheng.

2. On 22 December 2010, the Company acquired the entire interest of Zhongrun Chengzhen.

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 2010.

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	
	2010	2009	**2010**	2009
The largest customer	**3.7%**	4%		
Five largest customers in aggregate	**11.7%**	13.4%		
The largest supplier			**12.2%**	9.5%
Five largest suppliers in aggregate			**37.4%**	25.6%

The largest supplier disclosed herein is Ershisanye, a subsidiary of China Minmetals which in turn is the ultimate controlling shareholder of the Company. Mr. Liu Zeping, a non-executive Director of the Company, is a director and the President of Ershisanye.

Save as disclosed above, 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 2010 are as follows:

1. A tenancy agreement dated 4 July 2007 was entered into between Cheemimet (an indirect 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	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	three years ended 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 I for the year ended 31 December 2010 was HK$597,431. Tenancy Agreement I expired on 15 May 2010.

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

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	three years ended 31 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 Minmetals HK under Tenancy Agreement II for the year ended 31 December 2010 was HK$666,200. Tenancy Agreement II expired on 31 May 2010.

3. A conditional 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 and awarded by the Group to Ershisanye or any of its subsidiaries for the year ended 31 December 2010 was RMB141,834,781 and RMB238,699,375 respectively.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

4. 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 III"), details of which are set out below:

Premises	:	12th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ended 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 III for the year ended 31 December 2010 was HK$1,199,151. Tenancy Agreement III expired on 31 October 2010.

5. A material supply agreement dated 28 September 2009 was entered into between the Company and Newglory (an indirect 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 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 Group to Newglory for the year ended 31 December 2010 was RMB51,193,805.

6. A tenancy agreement dated 30 December 2009 was entered into between Cheerglory Traders (an indirect 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	:	11th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 31 December 2011
Rental	:	HK$110,067 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 IV for the year ended 31 December 2010 was HK$1,320,804.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

7. A tenancy agreement dated 5 May 2010 was entered into between Cheemimet as the tenant and Texion as the landlord (the "Tenancy Agreement V"), details of which are set out below:

Premises	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 15 May 2012
Rental	:	HK$110,067 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 V for the year ended 31 December 2010 was HK$827,278.

8. A tenancy agreement dated 5 May 2010 was entered into between Minmetals HK as the tenant and Texion as the landlord (the "Tenancy Agreement VI"), details of which are set out below:

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 31 May 2012
Rental	:	HK$110,067 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 Minmetals HK under Tenancy Agreement VI for the year ended 31 December 2010 was HK$770,469.

9. A tenancy agreement dated 29 October 2010 was entered into between Eastern Master as the tenant and Texion as the landlord (the "Tenancy Agreement VII"), 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 2012
Rental	:	HK$121,653 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 VII for the year ended 31 December 2010 was HK$243,306.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.37 of the Listing Rules, the above continuing connected transactions ("Continuing Connected Transactions") have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the Continuing Connected Transactions were carried out:

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

(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor, PricewaterhouseCoopers, was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 48 to 50 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter will be provided by the Company to the Stock Exchange.

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 credit facilities (the "Facilities") to the extent of an aggregate amount of HK$500,000,000 pursuant to the loan agreement dated 19 January 2009. The Facilities will mature in 3 years time 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 abovementioned 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.

Report of the Directors

EVENT AFTER BALANCE SHEET DATE

Details of the event after the balance sheet date are set out in Note 35 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 2010 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, 28 March 2011

Independent Auditor's Report

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 55 to 129, which comprise the consolidated and company balance sheets as at 31 December 2010, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Independent Auditor's Report

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 2010, 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, 28 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	5	1,658,811	1,244,156
Cost of sales	6	(1,032,083)	(963,654)
Gross profit		626,728	280,502
Other gains	7	349,968	8,278
Fair value gain on investment properties	15	37,440	38,780
Selling and distribution costs	6	(61,020)	(22,875)
Administrative expenses	6	(144,097)	(90,711)
Operating profit		809,019	213,974
Finance income	9	14,111	13,316
Finance costs	9	(1,867)	(181)
Share of results of associated companies	18	(2,936)	–
Profit before tax		818,327	227,109
Tax charge	10	(209,565)	(71,676)
Profit for the year		608,762	155,433
Attributable to:			
Equity holders of the Company	11	526,913	128,927
Non-controlling interests		81,849	26,506
		608,762	155,433
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share):			
Basic	12	19.14	7.94
Diluted	12	19.07	7.89
Dividends	13	33,375	–

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**608,762**	155,433
Other comprehensive (expense)/income		
Fair value (loss)/gain on available-for-sale financial assets	**(92,188)**	73,751
Currency translation differences	**90,092**	5,609
	(2,096)	79,360
Total comprehensive income for the year	**606,666**	234,793
Attributable to:		
Equity holders of the Company	**491,725**	205,770
Non-controlling interests	**114,941**	29,023
	606,666	234,793

Consolidated Balance Sheet

As at 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**86,459**	78,134
Investment properties	15	**970,829**	936,739
Goodwill	16	**11,712**	11,365
Interest in associated companies	18	**200,490**	–
Available-for-sale financial assets	22	**539,300**	631,488
Deferred tax assets	28	**102,175**	7,132
		1,910,965	1,664,858
Current assets			
Inventories	19	**5,845,239**	2,393,361
Gross amounts due from customers for contract work	20	**1,251**	2,976
Prepayments, trade and other receivables	21	**4,409,468**	324,225
Cash and bank deposits, restricted	23	**113,075**	84,217
Cash and bank deposits, unrestricted	24	**3,249,850**	2,394,350
		13,618,883	5,199,129
Total assets		**15,529,848**	6,863,987
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**333,534**	273,279
Reserves	26	**5,589,336**	4,146,379
		5,922,870	4,419,658
Non-controlling interests		**356,476**	314,673
Total equity		**6,279,346**	4,734,331

Consolidated Balance Sheet

As at 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	27	571,704	602,405
Deferred tax liabilities	28	219,286	7,069
Other liabilities		10,248	4,678
		801,238	614,152
Current liabilities			
Borrowings	27	3,493,026	718,884
Trade and other payables	29	2,153,469	698,334
Deferred revenue		2,598,742	41,197
Current tax payable		204,027	57,089
		8,449,264	1,515,504
Total liabilities		9,250,502	2,129,656
Total equity and liabilities		15,529,848	6,863,987
Net current assets		5,169,619	3,683,625
Total assets less current liabilities		7,080,584	5,348,483

He Jianbo
Director

He Xiaoli
Director

Balance Sheet

As at 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	17(a)	**2,747,814**	79,474
Current assets			
Loans to subsidiaries	17(b)	**–**	–
Amounts due from subsidiaries	17(c)	**1,972,710**	2,503,631
Other receivables	21	**895**	8,164
Cash and bank deposits, restricted	23	**–**	5,624
Cash and bank deposits, unrestricted	24	**690,686**	1,666,604
		2,664,291	4,184,023
Total assets		**5,412,105**	4,263,497
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**333,534**	273,279
Reserves	26	**4,718,888**	3,808,957
Total equity		**5,052,422**	4,082,236
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	17(c)	**343,438**	166,721
Accrued liabilities and other payables	29	**16,245**	14,540
Total liabilities		**359,683**	181,261
Total equity and liabilities		**5,412,105**	4,263,497
Net current assets		**2,304,608**	4,002,762
Total assets less current liabilities		**5,052,422**	4,082,236

He Jianbo
Director

He Xiaoli
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to equity holders of the Company				
	Share capital HK$'000	**Reserves** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
Balance as at 1 January 2009	111,383	1,470,677	1,582,060	194,918	1,776,978
Total comprehensive income for the year	–	205,770	205,770	29,023	234,793
Transactions with owners					
Issue of 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
	161,896	2,469,932	2,631,828	90,732	2,722,560
Balance as at 31 December 2009	273,279	4,146,379	4,419,658	314,673	4,734,331
Total comprehensive income for the year	**–**	**491,725**	**491,725**	**114,941**	**606,666**
Transactions with owners					
Issue of shares	**60,255**	**884,340**	**944,595**	**–**	**944,595**
Acquisition of non-controlling interest in a subsidiary	**–**	**65,348**	**65,348**	**(269,927)**	**(204,579)**
Formation of subsidiaries	**–**	**–**	**–**	**196,789**	**196,789**
Employee share option benefits	**–**	**1,544**	**1,544**	**–**	**1,544**
	60,255	**951,232**	**1,011,487**	**(73,138)**	**938,349**
Balance as at 31 December 2010	**333,534**	**5,589,336**	**5,922,870**	**356,476**	**6,279,346**

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Operating activities			
Cash (used in)/generated from operations	31(a)	(1,890,323)	141,363
Interest paid		(44,267)	(71,467)
Income tax paid		(286,705)	(65,221)
Net cash (used in)/generated from operating activities		(2,221,295)	4,675
Investing activities			
Acquisition of subsidiaries	31(b)	749,637	(829,245)
Disposal of subsidiaries	31(c)	–	79,343
Purchase of property, plant and equipment		(8,293)	(4,338)
Investment in associated companies		(203,426)	–
Interest received		14,111	13,316
Net cash generated from/(used in) investing activities		552,029	(740,924)
Financing activities			
Net proceeds from issue of shares		564	1,900,511
New borrowings		2,940,465	979,598
Repayment of borrowings		(387,405)	(315,434)
Increase in cash and bank deposits, restricted		(28,858)	(69,929)
Net cash generated from financing activities		2,524,766	2,494,746
Increase in cash and cash equivalents		855,500	1,758,497
Cash and cash equivalents at beginning of the year		2,394,350	635,853
Cash and cash equivalents at end of the year	24	3,249,850	2,394,350

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, specialised construction, property investment and securities investment. Hong Kong and Macau, and The People's Republic of China (other than Hong Kong and Macau) (the "PRC") are the major markets for the Group's businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 28 March 2011.

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, amendments and interpretation effective in 2010

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

HKAS 1 (amendment), 'Presentation of financial statements'. 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 adoption of this revised standard did not have any impact on the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) New and revised standards, amendments and interpretation effective in 2010 (Continued)

HKAS 17 (amendment), 'Leases'. It 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 lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease is as below:

- If the property interest is held for own use, that land interest is accounted for as property, plant and equipment and is depreciated from the time when the land interest is available for its intended use over the lease term.

- If the property interest is held to earn rentals and/or for capital appreciation, that land interest is accounted for as investment property and carried at fair value.

The change in accounting policy has no financial impact on the consolidated financial statements.

HKAS 27 (revised), 'Consolidated and separate financial statements'. 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 treatment 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 has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised HKAS 27, 'Consolidated and separate financial statements', became effective. The revision to HKAS 27 contained consequential amendments to HKAS 28 'Investments in associates', and HKAS 31 'Interests in joint ventures'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) New and revised standards, amendments and interpretation effective in 2010 (Continued)

Previous transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

HKAS 36 (amendment), 'Impairment of assets'. 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 adoption of this revised standard did not have any impact on the consolidated financial statements.

HKFRS 3 (revised), 'Business combinations'. 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 revised standard was applied to the acquisitions of controlling interest in Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd ("Tianjin Binhaixinqu") and Hunan Zhongrun Chengzhen Real Estate Co., Ltd ("Zhongrun Chengzhen") in December 2010. Details of these transactions are set out in Note 31(b).

HKFRS 8 (amendment), 'Operating segments'. 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 adoption of this revised standard did not have any impact on the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) New and revised standards, amendments and interpretation effective in 2010 (Continued)

HK Int 5, 'Presentation of Financial statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause'. A liability, which may be callable by the lender at any time without cause (an overriding right of demand), must be classified as a current liability in accordance with paragraph 69(d) of HKAS 1. The adoption of this interpretation did not have any impact on the consolidated financial statements.

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

The following new and revised standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011, relevant to the Group and have not been early adopted.

HKAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2011). The amendment confirms that entities may present either in the statement of changes in equity or within the notes, an analysis of the components of other comprehensive income by item. The Group will adopt the amendment from 1 January 2011 and it is expected that there will be no significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

HKAS 12 (amendment), 'Income taxes', (effective from 1 January 2012). This amendment introduces an exception to the existing principle or the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendment, there is a rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The Group will adopt the amendment from 1 January 2012 on a retrospective basis and derecognise the deferred tax liabilities arising from investment property measured at fair value through the income statement (Note 28).

HKAS 24 (revised), 'Related party transactions' (effective from 1 January 2011). The revised standard 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 and revise the disclosure on related party transactions in accordance with the requirement of HKAS24 (revised).

HKAS 27 (amendment), 'Consolidated and separate financial statement' (effective from 1 January 2011). It clarifies that the amendments as a result of this standard made to HKAS 21, HKAS 28 and HKAS 31 required prospective application. The Group will adopt the amendment from 1 January 2011 and it is expected that there will be no impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

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

HKAS 34 (amendment), 'Interim financial reporting' effective from 1 January 2011). The amendment clarifies the meaning of 'significant events and transactions' by providing examples of the events or transactions that would require disclosure. Greater emphasis has been placed on the disclosure principles in HKAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report. The Group will adopt the amendment from 1 January 2011 and it is expected that there will be no impact on the Group's financial statements except for certain changes on disclosures and presentation.

HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2010). The amendment clarifies that (i) entities should apply the rules in HKFRS 3 to contingent consideration that arises from a business combination with acquisition dates that precede the application of HKFRS 3 (revised); (ii) only entities with present ownership instruments that entitle their holders to a pro rata share of the entity's net assets in the event of liquidation can choose to measure the non-controlling interest at fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets; and (iii) the application guidance in HKFRS 3 (revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award. The Group will adopt the amendment from 1 January 2011 and it is expected that there will be no impact on the Group's financial statements.

HKFRS 7 (amendment), 'Financial instruments: Disclosures' (effective from 1 January 2011). The amendment clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures. The Group will adopt the amendment from 1 January 2011 and it is expected that there will be no significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

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

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.

It also includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from HKAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The Group will apply HKFRS 9 from 1 January 2013 and it is expected that there will be no significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

(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 de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any 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.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

In the Company balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amount previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(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 the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the presentation 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 from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

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

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

(i) Sales of completed properties

Revenue from sale 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 securities investments

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

(v) Dividend income

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

(vi) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Borrowing costs

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

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

(h) Property, plant and equipment

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

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

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets 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 classified as finance lease 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties

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

Investment property comprises land held under operating leases and buildings.

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

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

Subsequent expenditure is included in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 identified according to operating segment.

(k) Impairment of non-financial assets

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

(l) Financial assets

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

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

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

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

(m) Inventories

Inventories represent properties under development and completed properties held for sales.

Properties under development and completed properties held for sales are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Construction contracts

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

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. The stage of completion is measured by reference to 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively 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.

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 substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (Continued)

(iii) Share-based compensation

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

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

(iv) Termination benefits

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

(u) Trade and other payables

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

(v) Provisions and contingent liabilities

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities (Continued)

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.

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

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Majority of the subsidiaries of the Group operates in the PRC, with most of their transactions denominated in Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars. It has not hedged its foreign exchange rate risk.

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

At 31 December 2010, 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$4,418,000 (2009: HK$4,201,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of assets and liabilities denominated in a currency that is different from the functional currency of the Group's entities.

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) *Cash flow interest-rate risk*

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

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2010 would be HK$100,000 (2009: HK$30,000) lower/higher in respect of the net finance cost charged to the income statement; and (ii) properties under development would be increased/decreased by approximately HK$5,225,000 (2009: HK$6,300,000) for finance cost capitalised into properties under development.

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2010 would be HK$995,000 (2009: Nil) lower/higher in respect of the net finance cost charged to the income statement; and (ii) properties under development would be increased/decreased by approximately HK$7,347,000 (2009: HK$6,883,000) for finance cost capitalised into properties under development.

(iii) *Equity price risk*

The Group is exposed to equity securities price risk because available-for-sale financial assets are stated at fair value. 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$53,930,000 (2009: HK$63,149,000) as at 31 December 2010.

(b) Credit risk

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

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

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Group consider that the credit risk is minimal.

(c) *Liquidity risk*

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

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

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years
	HK$'000	HK$'000	HK$'000
The Group			
At 31 December 2010			
Borrowings	3,657,047	629,711	–
Trade and other payables	149,103	224,953	60,346
Amounts due to non-controlling shareholders of subsidiaries	482,907	–	–
	4,289,057	854,664	60,346
At 31 December 2009			
Borrowings	723,284	631,439	–
Trade and other payables	222,157	64,566	19,853
Amounts due to non-controlling shareholders of subsidiaries	16,462	–	–
	961,903	696,005	19,853
The Company			
At 31 December 2010			
Amounts due to subsidiaries	343,438	–	–
Other payables	16,245	–	–
	359,683	–	–
At 31 December 2009			
Amounts due to subsidiaries	166,721	–	–
Other payables	14,540	–	–
	181,261	–	–

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

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

The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010 **HK$'000**	2009 HK$'000
Total borrowings	**4,064,730**	1,321,289
Less: Cash and bank deposits	**(3,362,925)**	(2,478,567)
Net debt/(cash)	**701,805**	(1,157,278)
Total equity	**6,279,346**	4,734,331
Gearing ratio	**11%**	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 2010, equity securities amounting to HK$539,300,000 are measured at fair value and based on quoted market prices of an active market 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 2010. 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(j). 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 or no growth rate had been applied to the revenue, the Group would not recognise any impairment against goodwill for the year (2009: 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 cost 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 and cost can be reliably estimated. Actual outcomes in terms of revenue and cost may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised.

(d) Income taxes

The Group is subject to income taxes mainly in the PRC and Hong Kong. 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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:	Development of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and other materials
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in properties' values in the long-term
Securities investment:	Investment of securities

Revenue comprised the following:

	2010 **HK$'000**	2009 HK$'000
Sales of properties	**1,182,170**	728,393
Revenue from specialised construction contracts	**427,617**	469,193
Rental and management fee income from investment properties	**49,024**	46,570
	1,658,811	1,244,156

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue										
Sales to external customers	1,182,170	728,393	427,617	469,193	49,024	46,570	–	–	1,658,811	1,244,156
Results										
Segment results	773,605	163,100	26,418	13,089	77,443	74,670	5,750	–	883,216	250,859
Unallocated corporate expenses, net									(74,197)	(36,885)
Operating profit									809,019	213,974
Finance income									14,111	13,316
Finance costs									(1,867)	(181)
Share of results of associated companies									(2,936)	–
Tax charge									(209,565)	(71,676)
Profit for the year									608,762	155,433

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets										
Segment assets	9,623,169	2,887,905	390,950	285,359	1,041,832	1,055,240	539,300	631,488	11,595,251	4,859,992
Unallocated corporate assets									3,934,597	2,003,995
Total assets									15,529,848	6,863,987
Liabilities										
Segment liabilities	8,232,433	1,794,966	315,785	239,091	13,299	12,471	–	–	8,561,517	2,046,528
Unallocated corporate liabilities									688,985	83,128
Total liabilities									9,250,502	2,129,656

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment assets consist primarily of property, plant and equipment, investment properties, goodwill, inventories, receivables and operating cash but exclude items such as bank deposits for corporate use and deferred tax assets. Segment liabilities comprise all operating liabilities but exclude items such as taxation.

Other segment information

	Real estate development		Specialised construction		Property investment		Securities investment		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest in associated companies	200,490	–	–	–	–	–	–	–	–	–	200,490	–
Capital expenditures	2,012	1,956	2,652	304	589	1,690	–	–	3,040	388	8,293	4,338
Depreciation recognised in the consolidated income statement	1,070	929	783	646	1,257	1,736	–	–	811	312	3,921	3,623
Fair value gain on investment properties	–	–	–	–	37,440	38,780	–	–	–	–	37,440	38,780
Reversal of impairment loss	–	–	(314)	(1,343)	–	–	–	–	–	–	(314)	(1,343)

(b) Geographical information

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

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

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		Total	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
External sales	80,381	68,319	1,578,430	1,175,837	1,658,811	1,244,156
Total non-current assets	1,576,256	1,634,436	232,534	30,422	1,808,790	1,664,858

6 EXPENSES BY NATURE

	2010 HK$'000	2009 HK$'000
Advertising and other promotional cost	**61,020**	22,875
Cost of properties sold (note)	**640,347**	517,783
Cost of specialised construction (note)	**383,592**	437,784
Depreciation, net of capitalisation	**3,921**	3,623
Auditor's remuneration	**3,589**	2,350
Direct out-goings arising from investment properties that generated rental income	**8,144**	8,087
Employee benefit expense (including directors' emoluments) (Note 8)	**76,644**	54,896
Loss on disposal of property, plant and equipment	**3,049**	67
Legal and professional fees	**18,768**	(771)
Operating lease charges – minimum lease payment in respect of land and buildings	**5,583**	3,581
Recovery of receivables previously written-off	**(314)**	(1,343)
Others	**32,857**	28,308
Total of cost of sales, selling and distribution costs and administrative expenses	**1,237,200**	1,077,240

Note:

Included in cost of properties sold and cost of specialised construction are staff cost of HK$3,474,000 and HK$7,373,000 respectively (31 December 2009: HK$3,642,000 and HK$2,845,000 respectively).

7 OTHER GAINS

	2010 HK$'000	2009 HK$'000
Excess of the fair value of net assets acquired over the cost of acquisition of interests in subsidiaries (Note 31(b))	**332,280**	–
Dividend income	**5,762**	–
Net foreign exchange gain	**10,199**	5,765
Others	**1,727**	2,513
	349,968	8,278

8 EMPLOYEE BENEFIT EXPENSE

	2010 HK$'000	2009 HK$'000
Wages, salaries and bonus	73,954	52,709
Write back of provision for long service payment	(933)	(117)
Pension costs – defined contribution plans (Note 30)	2,079	708
Share option benefits	1,544	1,596
	76,644	54,896

(a) Directors' emoluments

The remuneration of each director of the Company ("Director", collectively "Directors") for the year ended 31 December 2010 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
For the year ended 31 December 2010						
Mr. Sun Xiaomin (note (i))	–	–	–	–	–	–
Mr. Qian Wenchao	–	–	250	–	163	413
Mr. He Jianbo	–	2,464	800	96	225	3,585
Mr. Yin Liang	–	1,770	720	72	150	2,712
Mr. Yan Xichuan (note (iv))	–	541	–	25	63	629
Ms. He Xiaoli	–	1,510	560	60	125	2,255
Mr. Yang Lu (note (ii))	–	745	600	19	75	1,439
Mr. Pan Zhongyi (note (ii))	–	–	–	–	–	–
Mr. Tian Jingqi (note (ii))	–	–	–	–	–	–
Mr. Liu Zeping (note (ii))	–	–	–	–	–	–
Mr. Lam Chun, Daniel	300	–	–	–	–	300
Mr. Selwyn Mar	310	–	–	–	–	310
Ms. Tam Wai Chu, Maria	300	–	–	–	–	300
	910	7,030	2,930	272	801	11,943

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of each Director of the Company for the year ended 31 December 2009 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses 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 (iii))	–	–	–	–	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 (note (iv))	–	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

During the year, no Directors waived or agreed to waive any emoluments (2009: 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 (2009: Nil).

Notes:

(i) Appointed on 26 June 2009

(ii) Appointed on 1 June 2010

(iii) Resigned on 26 June 2009

(iv) Resigned on 1 June 2010

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest-paid individuals

In 2010, five highest-paid individuals in the Group include four (2009: three) directors of the Company. These Directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining one (2009: two) individuals are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and allowances	1,236	2,441
Bonuses	510	530
Employer's contributions to pension schemes	62	122
Share option benefits	61	130
	1,869	3,223

The emoluments fell within the following bands:

	2010	2009
HK$1,000,001–HK$1,500,000	–	–
HK$1,500,001–HK$2,000,000	1	2
	1	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 (2009: Nil).

9 FINANCE INCOME AND COSTS

	2010 HK$'000	2009 HK$'000
Finance income		
Interest income from bank deposits	**14,111**	13,316
Finance costs		
Bank borrowings wholly repayable within five years	**32,082**	59,528
Other loans wholly repayable within five years	**12,185**	11,939
	44,267	71,467
Less: amount capitalised as properties under development (note (i))	**(42,400)**	(71,286)
	1,867	181

Note:

(i) Borrowing costs were capitalised at rates ranging from 1.07% to 5.91% (2009: 1.07% to 5.94%) per annum.

10 TAX CHARGE

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit for the year (2009: 16.5%). PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rates of 22% to 25% (2009: 20% to 25%).

10 TAX CHARGE (CONTINUED)

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.

	2010 HK$'000	2009 HK$'000
Current tax – Hong Kong		
Profits tax:		
– current year	–	213
– prior years	–	(8,668)
	–	(8,455)
Current tax – PRC		
Enterprise income tax	123,426	33,041
Land appreciation tax	125,825	54,222
	249,251	87,263
Deferred tax		
Recognition of temporary differences (Note 28)	(39,686)	(7,132)
Tax charge	209,565	71,676

10 TAX CHARGE (CONTINUED)

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:

	2010 HK$'000	2009 HK$'000
Profit before tax	818,327	227,109
Tax calculated at domestic tax rates applicable to profits in the respective countries	146,110	38,071
Over-provision of income tax in respect of prior years	–	(8,668)
Reversal of deferred tax liabilities	(1,697)	–
Income not subject to tax	(74,425)	(9,337)
Expenses not deductible for tax purposes	5,324	11,567
Utilisation of previously unrecognised tax losses	(2,708)	(17,937)
Land appreciation tax	125,825	54,222
Unrecognised tax losses	11,136	3,758
Tax charge	209,565	71,676

The weighted average applicable tax rate was 17.9% (2009: 16.8%). The year-on-year change is primarily caused by a change in the relative profitability of the Group's subsidiaries in the respective regions.

11 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company includes a profit of approximately HK$24,047,000 (2009: HK$15,691,000) dealt with in the financial statements of the Company.

12 EARNINGS PER SHARE – BASIC AND DILUTED

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

Diluted earnings 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.

	2010	2009
Weighted average number of ordinary shares in issue (thousands)	2,752,590	1,623,887
Adjustment for share options (thousands)	11,116	10,150
Weighted average number of ordinary shares for diluted earnings per share (thousands)	2,763,706	1,634,037
Profit attributable to equity holders (HK$'000)	526,913	128,927
Basic earnings per share (HK cents)	19.14	7.94
Diluted earnings per share (HK cents)	19.07	7.89

13 DIVIDENDS

The Directors recommend the payment of a final dividend of HK1 cent per ordinary share (2009: Nil). Such dividend is to be approved by the shareholders at the annual general meeting on 26 May 2011. These financial statements do not reflect this dividend payable.

14 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2010						
Opening net book amount	**64,338**	**5,431**	**1,634**	**4,092**	**2,639**	**78,134**
Exchange differences	**–**	**1**	**56**	**113**	**120**	**290**
Additions	**–**	**741**	**331**	**2,161**	**5,060**	**8,293**
Acquisition of subsidiaries	**–**	**–**	**172**	**232**	**3,085**	**3,489**
Transfer from investment properties	**3,350**	**–**	**–**	**–**	**–**	**3,350**
Disposals	**–**	**(2,710)**	**–**	**(339)**	**–**	**(3,049)**
Depreciation	**(579)**	**(1,031)**	**(250)**	**(1,009)**	**(1,179)**	**(4,048)**
Closing net book amount	**67,109**	**2,432**	**1,943**	**5,250**	**9,725**	**86,459**
At 31 December 2010						
Cost	**68,941**	**4,040**	**7,394**	**12,986**	**16,618**	**109,979**
Accumulated depreciation and impairment	**(1,832)**	**(1,608)**	**(5,451)**	**(7,736)**	**(6,893)**	**(23,520)**
Net book amount	**67,109**	**2,432**	**1,943**	**5,250**	**9,725**	**86,459**
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

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2010 HK$'000	2009 HK$'000
Land	**56,234**	53,950
Buildings	**10,875**	10,388
	67,109	64,338

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

	2010 HK$'000	2009 HK$'000
In Hong Kong, held under long-term leases (over 50 years)	**62,579**	59,676
In the PRC, held under long-term leases (over 50 years)	**4,530**	4,662
	67,109	64,338

Property, plant and equipment with carrying amounts of approximately HK$62,579,000 (2009: HK$59,676,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

15 INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
At beginning of the year	**936,739**	897,959
Fair value gain	**37,440**	38,780
Transfer to land and buildings	**(3,350)**	–
At end of the year	**970,829**	936,739

The investment properties were revalued at 31 December 2010 by Vigers Appraisal & Consulting Limited, independent valuers. Valuations were performed using discounted cash flow projections based on estimates of future cash flows derived from existing leases and current market rents for similar properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

15 INVESTMENT PROPERTIES (CONTINUED)

The carrying amounts of investment properties are analysed as follows:

	2010 HK$'000	2009 HK$'000
In Hong Kong, held under long-term leases (over 50 years)	**970,829**	936,739

Investment properties with carrying amounts of approximately HK$970,829,000 (2009: HK$936,739,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

16 GOODWILL

Goodwill arising from acquisitions of subsidiaries are as follows:

	2010 HK$'000	2009 HK$'000
At beginning of the year	**11,365**	9,003
Exchange differences	**347**	59
Acquisition of a subsidiary	**–**	2,303
At end of the year	**11,712**	11,365

Impairment test for goodwill

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

	2010 HK$'000	2009 HK$'000
CGU:		
Specialised construction	**9,336**	9,067
Property development	**2,376**	2,298
	11,712	11,365

16 GOODWILL (CONTINUED)

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.

	2010 HK$'000	2009 HK$'000
Estimated growth rate	5.00%	5.00%
Discount rate	5.81%	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 5.00% used represents the general growth in the market.

17 SUBSIDIARIES

(a) Investments in subsidiaries

	2010 HK$'000	2009 HK$'000
Unlisted share investments, at cost	695,296	695,296
Less: provision for impairment	(584,811)	(615,822)
	110,485	79,474
Amount due from a subsidiary (note)	2,637,329	–
	2,747,814	79,474

Note:

The amount due from a subsidiary included in investments in subsidiaries is regarded as an equity instrument, which is recognised and carried at cost less provision for impairment. The amount due from a subsidiary is unsecured and non-interest bearing.

17 SUBSIDIARIES (CONTINUED)

(b) Loans to subsidiaries

	2010 HK$'000	2009 HK$'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

	2010 HK$'000	2009 HK$'000
Amounts due from subsidiaries	**2,226,840**	2,757,755
Less: provision for impairment	**(254,130)**	(254,124)
	1,972,710	2,503,631
Amounts due to subsidiaries	**343,438**	166,721

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 2010:

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
博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited) (note (iii))	PRC	RMB1,000,000	–	65	Property development
Bright Circle Limited	Hong Kong	10,000 shares of HK$1 each	–	100	Property investment
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
湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.) (note (ii))	PRC	RMB10,000,000	–	100	Property development
廊坊曠世基業房地產開發有限公司 (Langfang Kuangshi Jiye Property Development Co., Ltd. "Kuangshi Jiye") (note (iii) & (iv))	PRC	USD20,000,000	–	50	Property development
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 Condo (Hong Kong) Engineering Company Limited	Hong Kong	1 share of HK$1	–	100	Design and installation of curtain walls
Minmetals Land Investments Limited	British Virgin Islands/ Hong Kong	100 shares of US$10 each	100	–	Investment holding

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2010: (Continued)

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
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. "Jiahe Risheng") (note (ii) & (v))	PRC	RMB380,000,000	–	100	Property development
五礦建設（營口）恒富置業有限公司 (Minmetals Land (Yingkou) Hengfu Properties Co., Ltd.) (note (ii))	PRC	USD20,000,000	–	100	Property development
五礦建設（營口）恒德置業有限公司 (Minmetals Land (Yingkou) Hengde Properties Co., Ltd.) (note (ii))	PRC	USD20,000,000	–	100	Property development
五礦建設（營口）恒嘉置業有限公司 (Minmetals Land (Yingkou) Hengjia Properties Co., Ltd.) (note (ii))	PRC	USD9,999,810	–	100	Property development
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
五礦置業（天津）濱海新區有限公司 (Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd.) (note (ii))	PRC	RMB10,000,000	–	100	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 (ii))	PRC	US$4,270,000	–	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 (ii))	PRC	RMB44,000,000	–	100	Property development

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2010: (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 2010.

(ii) These are foreign investment enterprises established in the PRC with operating periods ranging from 15 years to 30 years.

(iii) These are sino-foreign equity joint ventures established in the PRC with operating periods ranging from 20 years to 30 years.

(iv) Although the Group owns 50% equity interest in Kuangshi Jiye, it has control over Kuangshi Jiye by holding 51% of the voting power.

(v) 51% equity interest was hold by the Group in 2009. On 20 December 2010, the Group completed the acquisition of the remaining 49% of the issued share capital of Jiahe Risheng, and it became an indirect wholly-owned subsidiary of the Company as at 31 December 2010.

18 INTEREST IN ASSOCIATED COMPANIES

	2010 HK$'000
At beginning of the year	–
Investment in associated companies	203,426
Share of loss	(2,936)
At end of the year	200,490

The group's share of the results of its associates, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Loss HK$'000	% interest held
廊坊萬恒盛業房地產開發有限公司 (Langfang Wanheng Shengye Property Development Co., Ltd) (note (i))	PRC	222,282	27,786	–	2,936	50%
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd) (note (i) & (ii))	PRC	5,994	–	–	–	51%

18 INTEREST IN ASSOCIATED COMPANIES (CONTINUED)

Notes:

(i) The companies are sino-foreign equity joint ventures established in the PRC with operating period of 30 years.

(ii) The Group accounts for its investment in this company as an associated company as it only exercises significant influence over the investment by representation on the board of directors.

19 INVENTORIES

	2010 HK$'000	2009 HK$'000
Properties held for sale – located in the PRC	463,042	170,775
Properties under development – located in the PRC (a)	5,382,197	2,222,586
	5,845,239	2,393,361

(a) Properties under development

	2010 HK$'000	2009 HK$'000
Land use rights	3,774,321	1,766,693
Construction costs	1,607,876	455,893
	5,382,197	2,222,586

As at 31 December 2010, properties under development with carrying amounts of approximately HK$943,768,000 (2009: Nil) have been pledged as collaterals for bank borrowings (note 27(a)).

20 CONSTRUCTION CONTRACTS IN PROGRESS

	2010 HK$'000	2009 HK$'000
Contract costs incurred plus recognised profits less recognised losses	729,572	869,387
Less: progress billings	(728,321)	(866,411)
Gross amounts due from customers for contract work	1,251	2,976

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group

	2010 HK$'000	2009 HK$'000
Trade and contract receivables, net (b)	**371,965**	231,783
Retention receivables	**63,248**	42,271
Deposits	**31,863**	6,932
Prepayments (c)	**279,104**	24,244
Prepayment for land cost (d)	**3,608,870**	–
Others	**54,418**	18,995
	4,409,468	324,225

The Company

	2010 HK$'000	2009 HK$'000
Deposits	**130**	130
Prepayments	**507**	6,837
Others	**258**	1,197
	895	8,164

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The carrying amounts of prepayments, trade and other receivables are denominated in the following currencies:

The Group

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	**53,935**	32,263
RMB	**4,355,533**	291,962
	4,409,468	324,225

The Company

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	**895**	8,164

(b) The aging analysis of trade and contract receivables based on invoice date is as follows:

The Group

	2010 HK$'000	2009 HK$'000
0 to 90 days	**209,375**	94,437
91 to 180 days	**17,220**	62,658
181 days to 1 year	**52,517**	11,852
1 year to 2 years	**48,230**	55,178
Over 2 years	**45,868**	8,863
	373,210	232,988
Less: provision for impairment	**(1,245)**	(1,205)
	371,965	231,783

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

No credit period is granted by the Group to customers in respect of 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 one year past due are generally not considered impaired. Trade and contract receivables of HK$371,965,000 (2009: HK$231,783,000) 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:

	2010 HK$'000	2009 HK$'000
Past due days		
0 to 90 days	209,375	94,437
91 to 180 days	17,220	62,658
181 days to 1 year	52,517	11,852
1 year to 2 years	48,230	55,178
Over 2 years	44,623	7,658
	371,965	231,783

Trade and contract receivables of HK$1,245,000 (2009: HK$1,205,000) 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:

	2010 HK$'000	2009 HK$'000
Past due days		
Over 2 years	1,245	1,205

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2010 HK$'000	2009 HK$'000
At beginning of the year	**1,205**	1,196
Exchange differences	**40**	9
At end of the year	**1,245**	1,205

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

(c) As at 31 December 2010, prepayments include prepaid taxes and other charges of approximately HK$243,566,000 (2009: HK$3,620,000) in relation to the deferred revenue received.

(d) As at 31 December 2010, prepayment for land cost represents payment to the PRC Bureau of Land and Resources for the acquisition of land in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

(e) The other items within prepayments, 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 receivable mentioned above. The Group does not hold any collateral as security.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010 HK$'000	2009 HK$'000
At beginning of the year	631,488	–
Additions	–	557,737
Fair value (loss)/gain	(92,188)	73,751
At end of the year	539,300	631,488

Available-for-sale financial assets include the following:

	2010 HK$'000	2009 HK$'000
Unlisted equity securities in the PRC	243,600	243,600
Less: provision for impairment	(243,600)	(243,600)
	–	–
Listed equity securities in Hong Kong	539,300	631,488
	539,300	631,488

23 CASH AND BANK DEPOSITS, RESTRICTED

The Group

	2010 HK$'000	2009 HK$'000
Restricted cash	113,075	10,877
Pledged deposits	–	73,340
	113,075	84,217

As at 31 December 2009, the weighted average effective interest rate for pledged deposits was 0.73% per annum.

23 CASH AND BANK DEPOSITS, RESTRICTED (CONTINUED)

The Company

	2010 HK$'000	2009 HK$'000
Pledged deposits	–	5,624

As at 31 December 2009, the weighted average effective interest rate for pledged deposits was 0.07% per annum.

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

The Group

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	–	5,624
RMB	113,075	78,593
	113,075	84,217

The Company

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	–	5,624

The maximum exposure to credit risk at the reporting dates is the carrying amount of cash and bank deposits.

The restricted cash represents (i) performance deposits for construction projects; and (ii) guarantee deposits for the benefit of mortgage loan facilities granted by banks to the buyers of the Group's properties.

24 CASH AND BANK DEPOSITS, UNRESTRICTED

The Group

	2010 HK$'000	2009 HK$'000
Cash at banks	1,511,864	240,850
Short-term deposits	1,737,837	2,153,335
Cash on hand	149	165
Cash and bank deposits	3,249,850	2,394,350

Short-term deposits mature in approximately 21 days (2009: 18 days) from the balance sheet date. As at 31 December 2010, the weighted average effective interest rate was 0.83% (2009: 0.31%) per annum.

24 CASH AND BANK DEPOSITS, UNRESTRICTED (CONTINUED)

The Company

	2010 HK$'000	2009 HK$'000
Cash at banks	797	8,839
Short-term deposits	689,872	1,657,744
Cash on hand	17	21
Cash and bank deposits	690,686	1,666,604

Short-term deposits mature in approximately 19 days (2009: 8 days) from the balance sheet date. As at 31 December 2010, the weighted average effective interest rate was 0.78% (2009: 0.23%) per annum.

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

The Group

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	1,717,843	1,666,412
RMB	1,420,215	371,544
US dollar	111,782	356,372
Other currencies	10	22
	3,249,850	2,394,350

The Company

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	690,667	1,310,237
US dollar	9	356,345
Other currencies	10	22
	690,686	1,666,604

The maximum exposure to credit risk at the reporting dates is the carrying amount of cash and bank deposits.

25 SHARE CAPITAL

	2010 No. of shares ('000)	2010 Amount HK$'000	2009 No. of shares ('000)	2009 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
Balance at beginning of the year	**2,732,787**	**273,279**	1,113,832	111,383
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 subsidiaries and non-controlling interest in a subsidiary (note (iii))	**601,293**	**60,129**	450,039	45,004
Exercise of share options	**1,257**	**126**	–	–
Balance at end of the year	**3,335,337**	**333,534**	2,732,787	273,279

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 issued respectively.

(iii) During the year ended 31 December 2010, the Company issued 601,293,059 (2009: 450,039,669) ordinary shares of HK$0.1 each at HK$1.57 (2009: HK$1.56) per share for the acquisition of subsidiaries and non-controlling interest in a subsidiary.

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

25 SHARE CAPITAL (CONTINUED)

(a) Share options

On 29 May 2003, the Company adopted a share option scheme under which the Directors, at their discretion, invite any person who has contributed or will contribute to the Group to subscribe for shares of the Company at nominal consideration of HK$10 for each lot for share granted. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the closing price per share as stated in the daily quotations sheet of Main Board of the Stock Exchange; (ii) the closing price of the shares quoted on the Main Board of the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the share. The scheme will remain in force for a period of ten years to 28 May 2013.

(i) Details of the share options granted are as follows:

Category of participants	Exercisable period of share options	Exercise price 2010 HK$	Exercise price 2009 HK$	Number of share options 2010 ('000)	Number of share options 2009 ('000)
Directors	1 December 2010 to 30 November 2018	**0.45**	0.45	**6,687**	7,367
Employees and others	1 December 2010 to 30 November 2018	**0.45**	0.45	**7,277**	7,967
				13,964	15,334

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 of each tranche exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

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

	2010 Number of share options ('000)	2009 Number of share options ('000)
At beginning of the year	**15,334**	13,630
Lapsed	**(113)**	(113)
Exercised	**(1,257)**	–
Adjustment on rights issue (note)	**–**	1,817
At end of the year	**13,964**	15,334

Note:

On 30 June 2009, the Company completed a rights issue on the basis of one rights share for every two shares held.

26 RESERVES

The 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$'000	Revaluation reserve HK$'000	Other Reserves (note (b)) HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
Balance at 1 January 2009	914,142	600,412	769	133	–	1,314	–	48,172	(94,265)	1,470,677
Issue of shares	2,468,336	–	–	–	–	–	–	–	–	2,468,336
Employee share option benefits	–	–	–	1,596	–	–	–	–	–	1,596
Fair value gain on 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 at 31 December 2009	3,382,478	600,412	769	1,729	73,751	1,314	–	51,264	34,662	4,146,379
Issue of shares	884,340	–	–	–	–	–	–	–	–	884,340
Employee share option benefits	–	–	–	1,544	–	–	–	–	–	1,544
Fair value loss on available-for-sale financial assets	–	–	–	–	(92,188)	–	–	–	–	(92,188)
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	–	65,348	–	–	65,348
Currency translation adjustments	–	–	–	–	–	–	–	57,000	–	57,000
Profit for the year	–	–	–	–	–	–	–	–	526,913	526,913
Balance as at 31 December 2010	4,266,818	600,412	769	3,273	(18,437)	1,314	65,348	108,264	561,575	5,589,336

26 RESERVES (CONTINUED)

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 2009	914,142	575,220	769	133	(166,930)	1,323,334
Issue of 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 1 January 2010	**3,382,478**	**575,220**	**769**	**1,729**	**(151,239)**	**3,808,957**
Issue of shares	**884,340**	**–**	**–**	**–**	**–**	**884,340**
Employee share option benefits	**–**	**–**	**–**	**1,544**	**–**	**1,544**
Profit for the year	**–**	**–**	**–**	**–**	**24,047**	**24,047**
Balance at 31 December 2010	**4,266,818**	**575,220**	**769**	**3,273**	**(127,192)**	**4,718,888**

(a) 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 a share exchange agreement.

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.

(b) On 20 December 2010, the Group completed the acquisition of the remaining 49% of the issued share capital of Jiahe Risheng from a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, the Company's intermediate holding company, for a consideration of HK$204,690,000 which is satisfied by the issue of 130,375,839 ordinary shares of the Company. The carrying amount of the non-controlling interest in Jiahe Risheng on the date of acquisition is HK$270,038,000. As a result, the Group recognised an increase in equity attributable to owners of HK$65,348,000.

(c) As stipulated by regulations in the PRC, the Company' 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 2010 (2009: Nil).

27 BORROWINGS

	2010 HK$'000	2009 HK$'000
Non-current		
Bank borrowings, secured (a)	571,704	390,714
Loan from a non-controlling shareholder of a subsidiary, unsecured (Note 34)	–	211,691
	571,704	602,405
Current		
Bank borrowings, secured (a)	425,000	310,500
Loans from non-controlling shareholders of subsidiaries, unsecured (Note 34)	417,786	408,384
Loans from a fellow subsidiary, unsecured (Note 34)	2,650,240	–
	3,493,026	718,884
	4,064,730	1,321,289

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2010 amounted to approximately HK$1,628,047,000 (2009: HK$831,713,000), of which approximately HK$595,519,000 (2009: HK$106,533,000) was unutilised. As at 31 December 2010, the assets pledged by the Group as collaterals for the banking facilities are as follows:

(i) Investment properties with carrying amounts of approximately HK$970,829,000 (2009: HK$936,739,000);

(ii) Land and buildings with carrying amounts of approximately HK$62,579,000 (2009: HK$59,676,000);

(iii) Properties under development with carrying amounts of approximately HK$943,768,000 (2009: Nil); and

(iv) corporate guarantees given by the Company.

27 BORROWINGS (CONTINUED)

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

	2010 HK$'000	2009 HK$'000
Bank borrowings		
Within one year	425,000	310,500
In the second to fifth year	571,704	390,714
	996,704	701,214
Loans from non-controlling shareholders of subsidiaries		
Within one year	417,786	408,384
In the second year	–	211,691
	417,786	620,075
Loans from a fellow subsidiary		
Within one year	2,650,240	–

(c) Borrowings of HK$3,656,346,000 (2009: HK$912,905,000) are on a floating interest rate basis. The effective interest rates at the balance sheet dates were as follows:

	2010		2009	
	HK$	RMB	HK$	RMB
Non-current				
Bank borrowings	2.24%	5.57%	2.08%	5.94%
Loan from a non-controlling shareholder of a subsidiary	–	–	–	5.40%
Current				
Bank borrowings	1.77%	–	1.42%	–
Loans from a non-controlling shareholder of a subsidiary	–	5.81%	–	–
Loans from a fellow subsidiary	–	5.89%	–	–

Borrowings of HK$408,384,000 (2009: HK$408,384,000) are loans from a non-controlling shareholder of a subsidiary, which are interest free.

27 BORROWINGS (CONTINUED)

(d) The fair values of borrowings approximate their carrying amounts. The fair values are based on cash flows discounted using borrowing rate as at 31 December 2010 ranged from 1.04% to 5.91% (2009: 0.85% to 5.94%) per annum.

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

	2010 **HK$'000**	2009 HK$'000
Hong Kong dollar	**940,884**	1,041,384
RMB	**3,123,846**	279,905
	4,064,730	1,321,289

28 DEFERRED TAX

	2010 **HK$'000**	2009 HK$'000
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	**102,175**	7,132
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	**(52,768)**	(7,069)
Deferred tax liabilities to be recovered within 12 months	**(166,518)**	–
	(219,286)	(7,069)
	(117,111)	63

28 DEFERRED TAX (CONTINUED)

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

	2010 HK$'000	2009 HK$'000
Tax losses		
At beginning of the year	–	–
Acquisition of subsidiaries	2,937	–
Recognised in the consolidated income statement	8,119	–
At end of the year	11,056	–
Timing difference on cost recognition		
At beginning of the year	7,132	–
Exchange differences	901	–
Acquisition of subsidiaries	53,216	–
Recognised in the consolidated income statement	29,870	7,132
At end of the year	91,119	7,132

Deferred tax liabilities

	2010 HK$'000	2009 HK$'000
Fair value gain		
At beginning of the year	123	123
Acquisition of subsidiaries	213,914	–
Recognised in the consolidated income statement	828	–
At end of the year	214,865	123
Accelerated tax depreciation		
At beginning of the year	6,946	6,946
Recognised in the consolidated income statement	(2,525)	–
At end of the year	4,421	6,946

Deferred tax liabilities of HK$18,594,000 (2009: HK$6,745,000) have not been recognised for the withholding tax that would be payable on the unremitted retained earnings of certain subsidiaries, as the Directors intend to reinvest such retained earnings.

28 DEFERRED TAX (CONTINUED)

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 2010, the Group had unrecognised tax losses in Hong Kong of approximately HK$126,492,000 (2009: HK$93,701,000), which can be carried forward against future taxable income and have no expiry date. As at 31 December 2010, the Group had unrecognised tax losses in the PRC of approximately HK$26,839,000 (2009: HK$9,824,000) which will expire by various dates up to and including 2015.

29 TRADE AND OTHER PAYABLES

The Group

	2010	2009
	HK$'000	HK$'000
Trade, bills and contract payables (b)	**434,402**	306,576
Retention payables	**62,303**	41,956
Accruals and other payables	**1,171,568**	326,526
Rental deposits received	**2,289**	6,814
Amounts due to non-controlling shareholders of subsidiaries (Note 34)	**482,907**	16,462
	2,153,469	698,334

The Company

	2010	2009
	HK$'000	HK$'000
Accruals and other payables	**16,245**	14,540

29 TRADE AND OTHER PAYABLES (CONTINUED)

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

The Group

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	128,107	51,824
RMB	2,025,362	631,558
US dollar	–	14,952
	2,153,469	698,334

The Company

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	16,245	14,540

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

	2010 HK$'000	2009 HK$'000
0 to 90 days	110,182	166,358
91 to 180 days	8,732	44,069
181 days to 1 year	30,189	11,730
1 year to 2 years	224,953	64,566
Over 2 years	60,346	19,853
	434,402	306,576

30 PENSION OBLIGATIONS

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

Before 1 December 2000, a defined contribution pension scheme was provided to certain eligible employees employed by the Group. The Group ceased the contributions since 1 December 2000, upon introduction of the MPF scheme.

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. The Group's contributions to the pension scheme and MPF scheme are expensed as incurred.

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 7% to 12% of the basic salary of the PRC employees in addition to contributions by employees at a rate ranging from 7% to 12% of the basic salary as specified by the local government, and the Group has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2010 HK$'000	2009 HK$'000
Profit before tax	818,327	227,109
Interest income	(14,111)	(13,316)
Interest expense	1,867	181
Depreciation	3,921	3,623
Fair value gain on investment properties	(37,440)	(38,780)
Loss on disposals of property, plant and equipment	3,049	67
Share option benefits	1,544	1,596
Excess of the fair value of net assets acquired over the cost of acquisition	(332,280)	–
Share of result of associated companies	2,936	–
Operating profit before working capital changes	447,813	180,480
Increase in inventories	(732,473)	(59,558)
Increase in prepayments, trade and other receivables	(3,659,299)	(72,059)
Decrease/(increase) in gross amounts due from customers for contract work	1,725	(2,648)
(Decrease)/increase in trade and other payables	(600,464)	248,338
Increase/(decrease) in deferred revenue	2,557,545	(153,668)
Increase/(decrease) in other liabilities	5,570	(6,481)
Exchange adjustments	89,260	6,959
Cash (used in)/generated from operations	(1,890,323)	141,363

(b) Acquisition of subsidiaries

(i) Business combination

In November 2009, the Group entered into an agreement with a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, the Group's intermediate holding company, to acquire 100% equity interest in Brilliant Gain Investments Limited ("Brilliant Gain") and Global Adventure Investments Limited ("Global Adventure") by issuing 470,917,220 ordinary shares of the Company. The acquisition was completed on 20 December 2010.

Brilliant Gain and Global Adventure are indirect holding companies of Tianjin Binhaixinqu and Zhongrun Chengzhen which are principally engaged in real estate development in the PRC. The transaction has been accounted for as a business combination.

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

(i) Business combination (Continued)

The fair values of identifiable assets acquired and liabilities assumed as at the date of completion are as follows:

	Brilliant Gain HK$'000	**Global Adventure** HK$'000	**Total** HK$'000
Net assets acquired			
Property, plant and equipment	2,701	560	3,261
Deferred tax assets	24,346	31,807	56,153
Inventories (note 1)	1,490,154	637,862	2,128,016
Trade and other receivables	233,549	66,951	300,500
Cash and bank deposits	359,777	468,647	828,424
Trade and other payables	(1,456,906)	(324,908)	(1,781,814)
Current tax payable	–	(58,624)	(58,624)
Borrowings	–	(190,382)	(190,382)
Deferred tax liabilities (note 1)	(179,361)	(34,553)	(213,914)
Total identifiable net assets	474,260	597,360	1,071,620
Excess of the fair value of net assets acquired over the cost of acquisition (note 2)	(152,748)	(179,532)	(332,280)
Total consideration satisfied by allotment of shares	321,512	417,828	739,340

Notes:

(1) The fair value adjustment arising from valuation of inventories and related deferred tax liabilities are HK$612,092,000 and HK$213,914,000 respectively.

(2) Excess of the fair value of net assets acquired over the cost of acquisition of HK$332,280,000 is primarily attributable to the decrease in quoted market price of the Company's shares issued as consideration from the date of signing the sale and purchase agreement to the date of completion of the acquisition.

(3) Transaction costs of HK$7,175,000 have been charged to the consolidated income statement.

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

(ii) Acquisition of assets

On 27 December 2010, the Group acquired 65% equity interest in Boluo County Bihua Property Development Company Limited ("Boluo Bihua") for a cash consideration of HK$140,673,000. Boluo Bihua holds a piece of land in the PRC. The transaction has been accounted for as acquisition of assets.

The carrying amounts of assets and liabilities as of the completion date are as follows:

	Boluo Bihua HK$'000
Net assets acquired	
Property, plant and equipment	228
Inventories	548,862
Trade and other receivables	385
Cash and bank deposits	3,120
Trade and other payables	(411,810)
Non-controlling interests	(112)
	140,673
Cash paid as at 31 December 2010	81,907
Outstanding payment included in other payables	58,766
Total cash consideration	140,673

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

	2010 **HK$'000**	2009 HK$'000
Cash and bank deposits acquired	**831,544**	178,578
Less: cash consideration paid	**(81,907)**	(1,007,823)
Net cash inflow/(outflow) in respect of the acquisition of subsidiaries	**749,637**	(829,245)

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Disposal of a subsidiary

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

	Carrying amounts as at 31 March 2009 HK$'000
Loan receivables	1,003,717
Trade and other receivables	9,290
Shareholder's loan	(841,498)
Trade and other payables	(8,016)
Total net assets	163,493
Percentage of net assets disposed	48.53%
Net assets disposed	79,343
Loss on disposal of subsidiaries	–
Proceeds on disposal	79,343
Net inflow of cash and cash equivalents on disposal:	
Proceeds received in cash	79,343

32 FINANCIAL GUARANTEES

As at 31 December 2010, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK$1,305,545,000 (2009: HK$410,289,000). Such guarantees will terminate upon the earlier of (i) issuance of the property ownership certificate; or (ii) satisfaction of mortgage loan by the buyers. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted buyers to the banks and the Group is entitled to take possession of the related properties. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the banks, therefore, the Directors consider that no provision is required in the financial statements for the guarantees.

At 31 December 2010, the Company had executed corporate guarantees amounting to approximately HK$587,995,000 (2009: HK$763,499,000) to various banks in respect of banking facilities extended to subsidiaries. At 31 December 2010, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$546,144,000 (2009: HK$656,966,000).

33 COMMITMENTS

(a) The Group had capital commitments as follows:

	2010 HK$'000	2009 HK$'000
Contracted but not provided for		
Capital contribution into a property development company	**291,048**	–

As at 31 December 2010, the Company did not have any outstanding capital commitments (2009: Nil).

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

	2010 HK$'000	2009 HK$'000
Not later than one year	**7,167**	2,826
Later than one year but not later than five years	**11,456**	2,875
	18,623	5,701

As at 31 December 2010, the Company did not have any operating lease commitments (2009: Nil).

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

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

	2010 HK$'000	2009 HK$'000
Not later than one year	**47,032**	30,950
Later than one year but not later than five years	**62,948**	21,503
Later than five years	**30,259**	–
	140,239	52,453

As at 31 December 2010, the Company did not have any future lease receipts (2009: Nil).

34 RELATED PARTY TRANSACTIONS

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

China Minmetals itself is controlled by the PRC government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include China Minmetals and its subsidiaries, other state-owned enterprises and their subsidiaries which are directly or indirectly controlled by the PRC government, other entities 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 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 privatisation programmes. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

Other than disclosed elsewhere in the financial statements, 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

	2010 HK$'000	2009 HK$'000
Specialised construction revenue from related companies (note (i))	**217,010**	91,577
Specialised construction costs to related companies (note (i))	**59,134**	85,124
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	**163,833**	91,368
Rental income from fellow subsidiaries (note (iii))	**5,625**	6,262
Loan interest expense to a non-controlling shareholder of a subsidiary (note (iv))	**10,224**	11,920
Loan interest expense to fellow subsidiaries (note (v) and (vi))	**1,961**	9,843
Loan interest expense to state-owned banks (note (i))	**32,017**	33,183
Bank interest income from state-owned banks (note (i))	**13,953**	10,689
Acquisition costs for land purchased from local governments in the PRC (note (i))	**3,845,624**	980,019

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	2010 HK$'000	2009 HK$'000
Contract and other receivables from related companies for specialised construction contracts (note (i))	**142,479**	108,664
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	**80,504**	37,074
Contract payable to a related company for real estate development projects (note (i))	**8,345**	17,667
Loans from non-controlling shareholders of subsidiaries (note (iv))	**417,786**	620,075
Loans from a fellow subsidiary (note (vi))	**2,650,240**	–
Amounts due to non-controlling shareholders of subsidiaries (note (vii))	**482,907**	16,462
Bank borrowings from state-owned banks (note (i))	**986,704**	698,391
Bank deposits in state-owned banks (note (i))	**3,282,811**	2,421,179

(c) Key management compensation

	2010 HK$'000	2009 HK$'000
Salaries and short-term employee benefits	**10,870**	8,883
Pension costs – defined contribution plans	**272**	276
Share option benefits	**801**	849
	11,943	10,008

Notes:

(i) To balance the cost and benefit in making disclosure, the Group has only disclosed material transactions with such state-controlled enterprises.

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

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation (Continued)

Notes: (Continued)

(iii) Rental income 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.

(iv) The balance of HK$408,384,000 (2009: HK$408,384,000) was unsecured, non-interest bearing and with no fixed repayment terms. The remaining balance was unsecured, with no fixed repayment terms and bearing interest at the benchmark interest rate for a 1 year short term loan quoted by the People's Bank of China per annum (2009: the benchmark interest rate for a 1–3 years loan quoted by the People's Bank of China per annum).

(v) The loan interest expenses to a fellow subsidiary for 2009 were calculated at the rate of 7.2765% per annum in accordance with the loan agreement. The loan was repaid during the year ended 31 December 2009.

(vi) The short-term loans from a fellow subsidiary for 2010 are unsecured, interest bearing at 5.89% per annum and repayable in six months.

(vii) The amounts due to non-controlling shareholders of subsidiaries of the Company are unsecured, interest free and repayable on demand.

35 EVENT AFTER BALANCE SHEET DATE

On 28 January 2011, the Group acquired a piece of land of approximately 179,000 square meters at RMB1,000,000,000 (approximately HK$1,175,200,000) in an auction. The land is located at Jiangning District, Jiangsu Province, and will be developed as a low-density and high-end residential community.

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 2011
"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
"Company" or "Minmetals Land"	Minmetals Land Limited
"Condo HK"	Minmetals Condo (Hong Kong) 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.
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars
"Hong Kong" or "HKSAR"	The Hong Kong Special Administrative Region of the PRC
"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
"Macau"	the Macau Special Administrative Region of the PRC
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited
"Minmetals Land Beijing"	Minmetals Land Investment Management (Beijing) Co., Ltd.
"Minmetals Real Estate"	Minmetals Real Estate 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" or "China"	the People's Republic of China
"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$0.1 each of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 29 May 2003
"SJQ"	Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Texion"	Texion Development Limited
"US$"	United States dollars
"Virtyre"	Virtyre Limited
"Zhongrun Chengzhen"	Hunan Zhongrun Chengzhen Real Estate Co., Ltd.
"%"	per cent

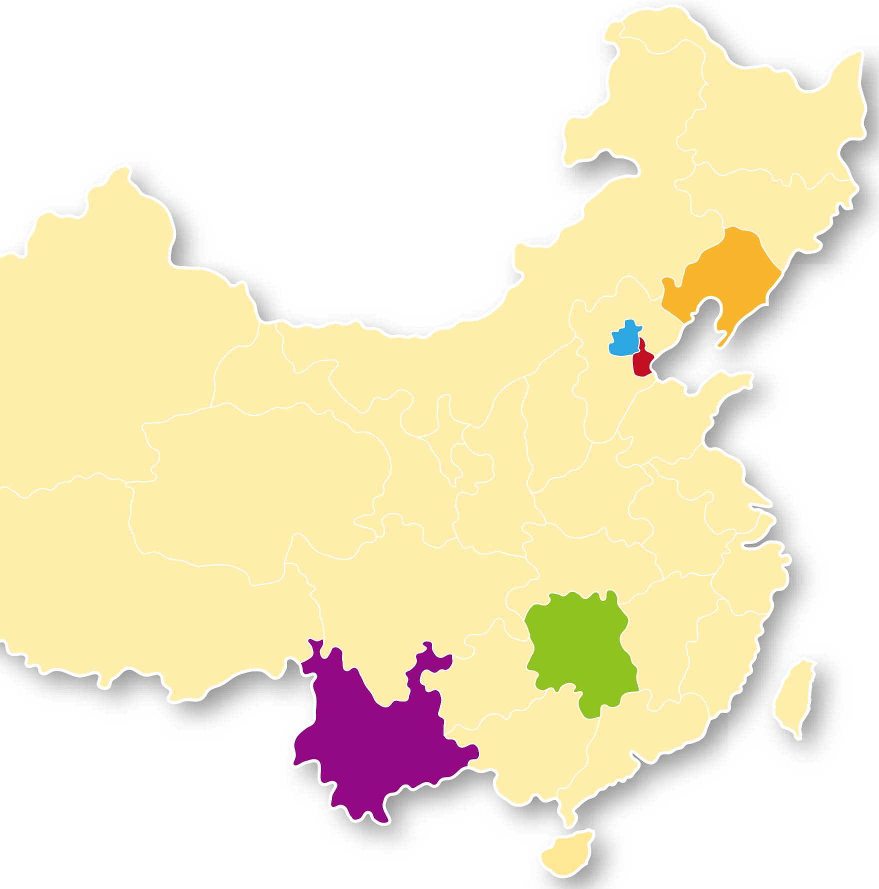
About China Minmetals Corporation

Founded in 1950, China Minmetals is one of the largest State-owned conglomerates that operates globally with core businesses in ferrous metals, non-ferrous metals, real estate, finance and logistics. Annual revenue of China Minmetals reached approximately US$24.95 billion in 2009 and was selected by the US Fortune Magazine in 2010 as one of the world top 500 enterprises, ranking 332. The annual revenue of China Minmetals for 2010 is approximately RMB255 billion.

China Minmetals has also actively participated in commercial estate development, construction and installation business in recent years since it established the residential development and industrial estates. Thus it has accumulated considerable resources for its real estate division. Excluding real estate development projects under Minmetals Land, China Minmetals has a total gross floor area of over 4.71 million square metres of residential and industrial estates in the Pan Bohai Rim region and the eastern part and central part of China. Furthermore, it has an industrial site of 30 square kilometres in Yingkou City, Liaoning Province.

China Minmetals through its Hong Kong subsidiary, Minmetals HK, holds approximately 61.91% interest in Minmetals Land. Having approved by the State-owned Assets Supervision and Administration Commission of the State Council to include property development and operation as one of its core businesses in 2008, China Minmetals 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 aims at achieving the listing of all of its real estate businesses and turning Minmetals Land eventually into a leading and influential real estate development corporation, which creates better returns to its Shareholders, employees and the society.

Projects under development of China Minmetals



Province/City	Attributable land area (sq.m.)	Total gross floor area (sq.m.)	Usage
Beijing	230,000	219,200	Residential
Yingkou City, Liaoning Province	30,000,000	N/A	Industrial and commercial
	480,000	839,000	Residential
Shenyang City, Liaoning Province	8,100	47,000	Residential
Tianjin	1,628,700	2,136,300	Residential
Changsha City, Xiangtan City and Zhuzhou City, Hunan Province	412,700	1,309,000	Residential
Kunming City, Yunnan Province	210,000	154,800	Residential

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