



五礦建設有限公司*
MINMETALS LAND LIMITED

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



Interim Report 2008 中期報告

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Corporate Information

Chairman & Non-executive Director

Zhou Zhongshu

Deputy Chairman

Qian Wenchao

Managing Director

He Jianbo

Deputy Managing Directors

Yan Xichuan

Yin Liang

Executive Director

He Xiaoli

Independent Non-executive Directors

Lam Chun, Daniel

Selwyn Mar

Tam Wai Chu, Maria

Company Secretary

Chung Wing Yee, Zoe

Auditor

PricewaterhouseCoopers

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China Construction Bank Corporation

Branch Share Registrar

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Management Discussion and Analysis

Minmetals Land Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the businesses of real estate development and project management, specialised construction, property leasing, and manufacturing and trading. Since the disposal of the Group’s securities investment in January 2007, the Group has not involved in any securities investment and trading activities.

For the six months ended 30 June 2008, the consolidated revenue of the Group decreased year-on-year by 14.9% to HK\$135,081,000 (30 June 2007: HK\$158,741,000). The decrease was mainly due to the decline in contribution from the Group’s specialised construction business, despite a substantial percentage increase in the property leasing and manufacturing and trading businesses.

Profit attributable to equity holders of the Company during the period under review was HK\$27,169,000, down 84.0% from the same period last year (30 June 2007: HK\$170,023,000). Earnings per share of the Company decreased by 84.1% from 22.00 HK cents to 3.51 HK cents. Excluding revaluation gain on investment properties of HK\$15,000,000, profit attributable to equity holders of the Company during the period under review amounted to HK\$12,169,000 as compared to a loss of HK\$8,888,000 (after excluding revaluation gain on investment properties of HK\$38,000,000 and a one-off gain of HK\$140,911,000 on disposal of a securities investment) for the same period last year.

The directors of the Company (“Directors”) have resolved not to declare an interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

Revenue by Business Segments

	Six months ended 30 June				Year-on-year change %
	2008 HK\$’000	%	2007 HK\$’000	%	
Real estate development and project management	557	0.4	2,432	1.5	-77.1
Specialised construction	87,048	64.5	118,080	74.4	-26.3
Property leasing	10,430	7.7	8,129	5.1	+28.3
Manufacturing and trading	37,046	27.4	30,100	19.0	+23.1
Total revenue	135,081	100.0	158,741	100.0	-14.9

Real Estate Development and Project Management Business

With the addition of LOHAS International Community Project in Changsha, the PRC, in 2007, the Group had three real estate development projects in the PRC as at 30 June 2008 with a total gross floor area on completion of approximately 1,388,000 square metres.

Since each of our real estate development projects was either in its construction phase or pre-sale stage, no revenue was recognised by the Group during the period from real estate development. During both the period under review and the corresponding period last year, revenue of this business segment was derived entirely from the remaining balance of the service fees from the project management service contract in respect of the Guangzhou Tian He Jin Hai Building (“Jin Hai Building”) in Guangzhou, the PRC, which was completed in 2007. Segment revenue for this period was HK\$557,000, down 77.1% from HK\$2,432,000 in the corresponding period last year. Following the completion of the construction of the Jin Hai Building, the Group does not expect any substantial revenue from its project management activities in the latter part of 2008. Nevertheless, the revenue and results from the sale of property units in The Grand Panorama Project are expected to be recognised by the Group upon handover of property units to buyers in the second half of 2008.

Management Discussion and Analysis (Cont'd)

Real Estate Development and Project Management Business (Cont'd)

Segment loss for the period under review increased to HK\$18,355,000 from HK\$6,525,000 for the six months ended 30 June 2007. This was mainly due to the recognition in the income statement of the selling and distribution costs incurred, which amounted to HK\$8,514,000, for the pre-sale of The Grand Panorama Project and the Laguna Bay Project while the corresponding revenue and results from such pre-sale would only be recognised at a later stage, upon handover of property units to buyers.

The Grand Panorama Project, Zhuhai, Guangdong Province, the PRC

Given the major infrastructure developments, including the Hong Kong-Zhuhai-Macau Bridge, currently underway in Zhuhai region, the property market in Zhuhai has been relatively healthy. Transaction prices of certain properties in Zhuhai had even reached record high levels in mid-2008.

As at 30 June 2008, the Group had completed the pre-sale of all residential units, comprising a total saleable floor area of 62,467 square metres, all commercial space of 2,315 square metres, and 263 or 82.7% of the car-parking spaces. Following handover of property units to buyers starting July 2008, operating results of the project will start to be reflected in the results of the Group in the second half of 2008 and thereafter. Total revenue to be generated by the project is expected to be approximately HK\$926,709,000.

Laguna Bay Project, Jiangning District, Nanjing, the PRC

Although the nationwide austerity measures implemented by the PRC Government to help stabilise the overheating property market in the PRC have achieved results, we continue to believe that the macro economic developments in Jiangning District, the new city zone of Nanjing, remain favourable to the project. In particular, the Nanjing Government has continued to develop the new city zone at substantial government expenditure, with the Southern Extension of the Nanjing subway confirmed to reach Jiangning District near the location of the project, and construction of phase II of the Ninghang Expressway, with a toll station in Jiangning District, to be completed in the second half of 2008.

In mid-May 2008, construction works of the project has progressed to a point that the pre-sale of an additional eight blocks of buildings (in the southern part of phase I) of the project was approved. In spite of the influence of the austerity measures implemented by the PRC Government, the results of pre-sale so far have been generally acceptable. Since commencement of pre-sale in October 2007 and up to 30 June 2008, 368 units or 82% of the 450 residential units of phase I that were marketed have been contracted for sale, achieving an average selling price of around RMB5,090 per square metre in gross floor area. The pre-sale so far has contributed approximately HK\$143,665,000 to the cash flow of the Group up to 30 June 2008.

Moving ahead, the Group will, on the one hand, continue to implement stringent cost control measures to mitigate the effects of rising construction costs, and on the other hand, monitor closely construction progress so as to be able to offer, as planned, the remaining 153 residential units of phase I for pre-sale in the second half of 2008.

LOHAS International Community Project, Changsha, Changsha City, Hunan Province, the PRC

During the period under review, demolition and relocation works for the relevant land with respect to part I of phase I of the project were substantially completed and the related infrastructure construction works were commenced. In addition, relevant government authorities had approved the preliminary design of the project, allowing construction works to commence. In the second half of 2008, the Group plans to appoint the main contractor for construction works of part I of phase I and strive to adjust the construction programme in order to make up for the delays incurred in the approval process for the overall design and planning.

Management Discussion and Analysis (Cont'd)

Specialised Construction Business

For the six months ended 30 June 2008, our specialised construction business operated through two entities in the curtain wall industry; namely, (i) Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd. ("SJQ"), which was engaged in the design and installation of curtain walls in the PRC, and (ii) Condo (Hong Kong) Decoration Engineering Company Limited ("Condo HK"), which was engaged in the design and installation of curtain walls in Hong Kong and Macau.

During the period under review, this business segment recorded an aggregate revenue of HK\$87,048,000, representing a 26.3% decrease from HK\$118,080,000 during the corresponding period last year. Segment profit improved to HK\$1,354,000 from a loss of HK\$4,574,000 for the six months ended 30 June 2007.

The decrease in segment revenue was mainly due to the decline in contribution from SJQ and the scaling down of the operations of Enful Holdings Limited and its subsidiaries (collectively, "Enful"). During the period under review, the Group closed down Enful's operations in the PRC and has effectively controlled further losses from its operations. However, this positive contribution to the segment results was partly offset by the mediocre operating results of SJQ.

Curtain wall business

SJQ recorded a revenue of HK\$68,566,000 for the period under review, as compared with HK\$112,481,000 in the corresponding period last year, representing a decrease of 39.0% year-on-year. Segment profit decreased by 97.9% to HK\$44,000, down from HK\$2,081,000 for the six months ended 30 June 2007.

SJQ secured new contracts totalling approximately HK\$135,920,000 in the first half of 2008. However, construction progress with respect to these new contracts suggests that SJQ would recognise revenue only commencing from the second half of 2008. As a result, the revenue of SJQ for the period under review was generated from outstanding contracts on hand of HK\$77,604,000 brought forward from the end of 2007.

SJQ has successfully obtained the classification as Building and Decorating Project Contractor Class III and Metal Doors and Windows Engineering Contractor Class III by the Ministry of Construction of the PRC. As at 30 June 2008, SJQ's outstanding contracts on hand amounted to approximately HK\$163,908,000. Despite its success, SJQ is facing tough competition from larger and higher-end curtain wall contractors in the PRC, which are competitive particularly in terms of financial and human resources. With these limitations, SJQ continues to face challenges in securing larger contracts which generally offer a better chance to achieve higher margins.

During the period under review, Condo HK's revenue surged over 20 times year-on-year to HK\$18,482,000 (30 June 2007: HK\$883,000), all of which was derived from Hong Kong. Segment profit was HK\$1,174,000, as compared with HK\$22,416 for the same period in the preceding year. The principal contract award included the design, supply and installation of curtain wall for the new departure concourse of the Hong Kong International Airport. As at 30 June 2008, Condo HK's outstanding contracts on hand amounted to HK\$43,684,000.

Fire-proofing door and plaster business

Enful had not generated any revenue in Hong Kong for the six months ended 30 June 2008. Following the closure of its operations in the PRC, the operations of Enful in Hong Kong were also scaled down to a minimum level so as to finalise the final accounts of the outstanding projects.

Management Discussion and Analysis (Cont'd)

Property Leasing Business

During the period under review, our property leasing business covered primarily the leasing of office and commercial space in ONFEM Tower located in Central, Hong Kong, and four residential units in Hong Kong.

In the first half of 2008, segment revenue increased by 28.3% over last year's level to HK\$10,430,000 (30 June 2007: HK\$8,129,000), while segment profit before revaluation gain increased 31.3% year-on-year to HK\$9,069,000 (30 June 2007: HK\$6,908,000). During the period under review, the Group recorded a revaluation gain on investment properties of HK\$15,000,000 (30 June 2007: HK\$38,000,000). The satisfactory growth in segment revenues and results were mainly due to the increase in average rental rate achieved in the leasing of ONFEM Tower, which benefited from the robust office rental market in the Central district in Hong Kong.

Manufacturing and Trading Business

During the period under review, our manufacturing and trading business operated through Jaeger Oil & Chemical Holdings Limited and its subsidiaries (collectively, "Jaeger"), which was engaged in the manufacture and distribution of industrial lubricants and industrial tools mainly in the PRC and Hong Kong.

Jaeger recorded a revenue of HK\$37,046,000 in the first half of 2008, representing an increase of 23.1% on a year-on-year basis (30 June 2007: HK\$30,100,000). 90% of the revenue was derived from the PRC with the remaining 10% from Hong Kong and other Southeast Asia regions. For the period under review, segment profit attributable to Jaeger increased by 18.4% to HK\$2,049,000 from HK\$1,730,000 in the corresponding period last year.

Rising oil prices and the appreciating Renminbi had continued to cause a significant increase in the direct costs of Jaeger during the period under review and eroded its operating margins, in spite of some increase in the average selling prices of its products.

OUTLOOK

The Group's results for the first half of 2008 were, to different degrees, adversely affected by rising direct and operating costs in the PRC in the wake of high oil prices and domestic inflation. Under such difficult operating environment, the industries in which our non-real estate development businesses in the PRC operate are becoming increasingly competitive, as industry players could not pass on much of the increases in costs to their customers. In this respect, our business units in these industries are seen to be more vulnerable in view of their relatively smaller operating scales.

The nationwide austerity measures implemented by the PRC Government continue to stabilise the overheating property market in the PRC. On the other hand, the current robust PRC economy, together with the appreciation of Renminbi, had continued to contribute to a favourable business environment for the Group's core business of real estate development in the PRC. We believe that with the support of our controlling shareholder and our seasoned management team, our real estate development business will likely achieve satisfactory returns for our shareholders in future, as generally compared to our other businesses in the PRC.

The property leasing business of the Group, which has been making steady contributions to the cash flow and profits of the Group, has helped stabilise the earnings of our otherwise project-based business activities. Subsequent to the period under review, the Group acquired the China Minmetals Tower as an additional investment property in an effort to, amongst others, build up a broader and more stable earning base.

Going forward, we expect that our real estate development business will be a major contributor to the results of the Group and we will endeavour to focus our financial and human resources to further advance our business segments where our competitive strengths lie with the aim of maintaining the growth momentum of the Group.

Management Discussion and Analysis (Cont'd)

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group derived its funds mainly from cash flows generated from business operation as well as borrowings from banks, a minority investor of a subsidiary of the Company and a fellow subsidiary of the Company.

As at 30 June 2008, cash and bank deposits of the Group amounted to HK\$783,143,000 (excluding pledged deposits) (31 December 2007: HK\$796,784,000), of which 97.03%, 2.94% and 0.03% (31 December 2007: 95.3%, 4.6% and 0.1%) were denominated in Renminbi, Hong Kong dollar and United States dollar respectively.

To finance the acquisition and development of new projects, total borrowings, comprising borrowings from banks, a minority investor of a subsidiary of the Company and a fellow subsidiary of the Company, were HK\$562,934,000 as at 30 June 2008 (31 December 2007: HK\$566,423,000). The ratio of total borrowings to total equity of the Group decrease from 52.8% as at 31 December 2007 to 49.5% as at 30 June 2008. However, if considering the gearing ratio, representing net debt (total borrowings less pledged deposits and cash and bank deposits) divided by total equity, there was no net debt and therefore no gearing for the Group as at 30 June 2008 (31 December 2007: Nil) since the Group maintains a high level of cash and bank deposits.

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within one year	294,819	361,500
In the second year	268,115	204,923
	562,934	566,423

As at 30 June 2008, borrowings denominated in Renminbi amounted to RMB316,963,000 (approximately HK\$361,940,000) (31 December 2007: RMB341,822,000 (approximately HK\$365,168,000)), while the remaining balance of HK\$200,994,000 (31 December 2007: HK\$201,255,000) was bank borrowings denominated in Hong Kong dollar. All of the Group's borrowings were on a floating interest rate basis. Finance costs charged to the consolidated income statement for the six months ended 30 June 2008 amounted to HK\$318,000 (30 June 2007: HK\$488,000) after capitalisation of HK\$20,286,000 (30 June 2007: HK\$7,787,000) into the cost of properties under development. The unutilised banking facilities of the Group amounted to HK\$70,676,000 as at 30 June 2008 (31 December 2007: HK\$37,414,000).

Property development commitments of the Group as at 30 June 2008 amounted to HK\$263,428,000 (31 December 2007: HK\$338,338,000). These commitments are to be financed by internal funds and borrowings.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the transactions of the Group were denominated in Hong Kong dollar, Renminbi and United States dollar, and therefore, the Group has Renminbi exposure in large while the currency risk exposure to United States dollar was considered minimal. Given that the expected appreciation of Renminbi would have positive impact on the Group's assets in the PRC and income generated from the PRC, the Group had not implemented hedging or other alternative measures during the six months ended 30 June 2008. As at 30 June 2008, the Group did not have any significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Management Discussion and Analysis (Cont'd)

CHARGES ON GROUP ASSETS

As at 30 June 2008, the Group pledged leasehold land and buildings and investment properties with carrying amounts of HK\$6,462,000 (31 December 2007: HK\$6,554,000) and HK\$356,249,000 (31 December 2007: HK\$341,249,000) respectively, properties under development of HK\$356,938,000 (31 December 2007: HK\$476,100,000) and fixed bank deposits of HK\$5,550,000 (31 December 2007: HK\$17,850,000) as securities for the Group's banking facilities.

CONTINGENT LIABILITIES

The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK\$425,362,000 (31 December 2007: HK\$346,887,000).

EMPLOYEES

As at 30 June 2008, the Group employed 465 (30 June 2007: 390) staff, including the Directors. The total remuneration and benefits of the Directors and staff of the Group during the six months ended 30 June 2008 were HK\$24,305,000 (30 June 2007: HK\$18,821,000). The Group adopts a remuneration policy in line with market practice.

Share Option Scheme

The Company has adopted a share option scheme on 29 May 2003 (the "Scheme") to recognise and acknowledge the contributions that eligible persons (as defined in the Scheme) had made or may from time to time make to the Group whether in the past or in the future. There were no outstanding options granted under the Scheme during the six months ended 30 June 2008.

For the summary of the principal terms of the Scheme, please refer to the 2007 annual report of the Company.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2008, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), which have been notified to the Company and The Stock Exchange of Hong Kong Limited 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 of the Company

Name of Director	Nature of interest	Number of shares held	Percentage of total issued shares
He Xiaoli	Personal	20,000	0.0026%

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Save as disclosed above, as at 30 June 2008, 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).

During the six months ended 30 June 2008, 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).

Substantial Shareholders

As at 30 June 2008, according to the register of interests kept by the Company under section 336 of the SFO, the following persons and entities had an interest in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares of the Company

Name of shareholder	Number of shares held	Percentage of total issued shares
China Minmetals Corporation ("China Minmetals") (Note 1)	416,585,852	53.83%
China Minmetals H.K. (Holdings) Limited ("Minmetals HK") (Note 1)	416,585,852	53.83%
June Glory International Limited ("June Glory") (Note 1)	416,585,852	53.83%
Mr. Osbert Lyman (Note 2)	40,848,000	5.28%
Mr. Royson Lyman (Note 2)	40,848,000	5.28%
Mr. Elke Lu (Note 2)	40,848,000	5.28%
Strategic Power International Limited (Note 2)	40,848,000	5.28%
Delta Venture Holdings Limited (Note 2)	40,848,000	5.28%
Albertson Capital Limited (Note 2)	40,848,000	5.28%
Montpelier Investment Management LLP (formerly known as Montpelier Asset Management Limited)	39,728,000	5.13%

Notes:

- These shares are held by June Glory, a wholly-owned subsidiary of Minmetals HK, and Minmetals HK is wholly owned by China Minmetals. On 15 August 2008, 340,000,000 new shares of HK\$0.10 each of the Company were issued and allotted to June Glory pursuant to a sale and purchase agreement relating to the acquisition of the entire issued capital of and the benefits in the entire shareholder's loan of Texion Development Limited. Consequently, June Glory holds in aggregate 756,585,852 shares which represent approximately 67.93% of the total issued share capital of the Company. Details of the said acquisition were disclosed in the announcement and circular of the Company dated 5 June 2008 and 26 June 2008 respectively.
- These shares are held by Albertson Capital Limited in which each of Strategic Power International Limited and Delta Venture Holdings Limited has a 50% interest. Strategic Power International Limited is owned as to 70% by Mr. Osbert Lyman and Delta Venture Holdings Limited is owned as to 50% by Mr. Royson Lyman and 50% by Mr. Elke Lu.

Corporate Governance

Code On Corporate Governance Practices

In the opinion of the Directors, throughout the six months ended 30 June 2008, the Company has complied with the code provisions of the Code on Corporate Governance Practices 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 should 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 been 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 rotational retirement in the manner as set out in the said code provision save for the Chairman and the Managing Director where they are not required to do so pursuant to the private company act 1991 by which the Company was incorporated.

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

Mr. Zhou Zhongshu, the Chairman of the board of Directors and of the remuneration committee, was not available for the Company's annual general meeting for 2008 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 general meeting.

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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made with all Directors who have confirmed in writing that they had complied with the Rules for Securities Transactions throughout the six months ended 30 June 2008.

Audit Committee

The audit committee of the Company comprises three Independent Non-executive Directors namely, Mr. Selwyn Mar, Mr. Lam Chun, Daniel and Ms. Tam Wai Chu, Maria. The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2008, which has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

Continuing Disclosure Pursuant to Rules 13.18 and 13.21 of the Listing Rules

Jaeger Oil & Chemical Company Limited, ONFEM Finance Limited and Virtyre Limited, 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\$211,135,000 pursuant to the facility letters dated 28 July 2005 and 16 November 2006 issued to each of these companies (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 such 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.

By order of the board

He Jianbo

Managing Director

Hong Kong, 5 September 2008

羅兵咸永道會計師事務所

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Report on Review of Condensed Consolidated Interim Financial Information

TO THE BOARD OF DIRECTORS OF MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial information set out on pages 13 to 28, which comprises the condensed consolidated balance sheet of Minmetals Land Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 5 September 2008

Unaudited Interim Results

The board of directors (“Directors”) of Minmetals Land Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2008 together with the comparative figures of the corresponding period in 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Note	Unaudited	
		Six months ended 30 June	
		2008	2007
		HK\$'000	HK\$'000
Revenue	3	135,081	158,741
Cost of sales		(106,918)	(130,862)
Gross profit		28,163	27,879
Other gains	4	218	141,112
Selling and distribution costs		(15,210)	(13,334)
Administrative expenses		(15,895)	(25,258)
Other operating expenses		(1,519)	(1,227)
Revaluation gain on investment properties	9(a)	15,000	38,000
Operating profit		10,757	167,172
Finance income		10,825	3,864
Finance costs		(318)	(488)
Profit before tax	5	21,264	170,548
Income tax	6	679	(525)
Profit for the period		21,943	170,023
Attributable to:			
Equity holders of the Company		27,169	170,023
Minority interests		(5,226)	—
		21,943	170,023
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
— basic and diluted	7	3.51	22.00

The notes on pages 18 to 28 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Note	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,072	20,297
Investment properties	9	356,249	341,249
Goodwill	9	9,107	8,520
Other assets		457	437
		388,885	370,503
Current assets			
Inventories	10	1,709,735	1,311,836
Trade and other receivables	11	269,464	262,918
Gross amounts due from customers for contract work		379	875
Pledged deposits		5,550	17,850
Cash and bank deposits		783,143	796,784
		2,768,271	2,390,263
Total assets		3,157,156	2,760,766

The notes on pages 18 to 28 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

As at 30 June 2008

	Note	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	77,383	77,383
Reserves	13	854,510	800,707
		931,893	878,090
Minority interests		204,493	195,246
Total equity		1,136,386	1,073,336
LIABILITIES			
Non-current liabilities			
Borrowings	14	268,115	204,923
Deferred tax liabilities		123	123
Other liabilities		8,919	8,299
		277,157	213,345
Current liabilities			
Trade and other payables	15	409,096	267,603
Deferred revenue		1,028,582	833,245
Current tax payable		11,116	11,737
Borrowings	14	294,819	361,500
		1,743,613	1,474,085
Total liabilities		2,020,770	1,687,430
Total equity and liabilities		3,157,156	2,760,766
Net current assets		1,024,658	916,178
Total assets less current liabilities		1,413,543	1,286,681

The notes on pages 18 to 28 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Unaudited				
	Attributable to equity holders of the Company			Minority interests	Total
	Share capital	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2007	77,218	740,611	817,829	—	817,829
Currency translation adjustments	—	6,487	6,487	—	6,487
Disposal of available-for-sale financial assets	—	(119,160)	(119,160)	—	(119,160)
Net expense directly recognised in equity	—	(112,673)	(112,673)	—	(112,673)
Profit for the period	—	170,023	170,023	—	170,023
Total recognised income for the period	—	57,350	57,350	—	57,350
Issue of shares on exercise of share options	165	1,204	1,369	—	1,369
Balance as at 30 June 2007	77,383	799,165	876,548	—	876,548
Balance as at 1 January 2008	77,383	800,707	878,090	195,246	1,073,336
Currency translation adjustments	—	26,634	26,634	14,473	41,107
Net income directly recognised in equity	—	26,634	26,634	14,473	41,107
Profit for the period	—	27,169	27,169	(5,226)	21,943
Total recognised income for the period	—	53,803	53,803	9,247	63,050
Balance as at 30 June 2008	77,383	854,510	931,893	204,493	1,136,386

The notes on pages 18 to 28 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(29,379)	269,263
Net cash generated from investing activities	6,927	161,581
Net cash generated from financing activities	8,682	124,073
Net (decrease)/ increase in cash and cash equivalents	(13,770)	554,917
Cash and cash equivalents at beginning of period	796,683	112,585
Cash and cash equivalents at end of period	782,913	667,502
Analysis of balances of cash and cash equivalents:		
Cash and bank deposits	783,143	670,533
Bank overdrafts	(230)	(3,031)
	782,913	667,502

The notes on pages 18 to 28 are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Organisation and operations

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

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

This condensed consolidated financial information is presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the board of Directors of the Company on 5 September 2008.

2. Basis of preparation and accounting policies

This condensed consolidated financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. It should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2007.

The following new and revised standards relevant to the Group have been issued but have not been early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements (effective from 1 January 2009)
HKAS 23 (Revised)	Borrowing costs (effective from 1 January 2009)
HKFRS 3 (Amendment)	Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009)
HKFRS 8	Operating Segments (effective from 1 January 2009)

The Group will apply the above standards and interpretations from the accounting periods for which they are effective, but they are not expected to have material impact on the condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. Segment information

Primary reporting format — business segments

The Group categorises its businesses into the following segments:

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

Six months ended 30 June

	Real estate development and project management		Specialised construction		Property leasing		Manufacturing and trading		Securities investment and trading		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE												
Sales to external customers	557	2,432	87,048	118,080	10,430	8,129	37,046	30,100	—	—	135,081	158,741
RESULTS												
Segment results	(18,355)	(6,525)	1,354	(4,574)	24,069	44,908	2,049	1,730	—	140,898	9,117	176,437
Unallocated costs, net											1,640	(9,265)
Operating profit											10,757	167,172
Finance income											10,825	3,864
Finance costs											(318)	(488)
Income tax											679	(525)
Profit for the period											21,943	170,023

Unallocated costs, net represent corporate expenses and losses net of corporate income and gains.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. Other gains

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Gain on disposal of available-for-sale financial assets	—	140,911
Others	218	201
	218	141,112

5. Profit before tax

Profit before tax is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Interest on borrowings	20,604	8,275
Less: amount capitalised into properties under development	(20,286)	(7,787)
	318	488
Amortisation of land lease premium	7,132	3,099
Less: amount capitalised into properties under development	(7,132)	(3,099)
	—	—
Depreciation*	1,440	1,325
Cost of inventories sold	21,524	15,943
Employee benefit expense, including Directors' emoluments*	24,305	18,821
(Write-back of)/provision for inventory obsolescence*	(94)	1,248
Provision for impairment of receivables*	—	308
Net foreign exchange gain*	(18,788)	(5,953)
Operating lease charges in respect of land and buildings*	4,001	2,712
Direct outgoings arising from investment properties that generated rental income	1,187	1,191

* included in administrative expenses

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

6. Income tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the period (30 June 2007: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current tax — Overseas taxation		
Provision for the period	18	525
Over-provision in respect of prior years	(697)	—
Income tax (credit)/charge	(679)	525

7. Earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2008	2007
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	27,169	170,023
Weighted average number of ordinary shares in issue (<i>'000</i>)	773,832	772,819
Basic earnings per share (<i>HK cents</i>)	3.51	22.00

There were no dilutive potential shares in existence during the period (30 June 2007: Nil).

8. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

9. Capital expenditure

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Goodwill HK\$'000
Six months ended 30 June 2008			
Opening net book amount as at 1 January 2008	20,297	341,249	8,520
Additions	3,898	—	—
Revaluation gain (a)	—	15,000	—
Disposals	(82)	—	—
Depreciation	(1,440)	—	—
Exchange differences	399	—	587
Closing net book amount as at 30 June 2008	23,072	356,249	9,107

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

10. Inventories

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Manufacturing and trading stocks		
Raw materials	4,670	6,384
Finished goods	4,725	4,253
	9,395	10,637
Less: provision for inventory obsolescence	(466)	(3,671)
Manufacturing and trading stocks, net	8,929	6,966
Properties under development — located in the PRC (a)	1,700,806	1,304,870
	1,709,735	1,311,836

- (a) Properties under development

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Land costs	885,483	835,083
Construction in progress	815,323	469,787
	1,700,806	1,304,870

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

11. Trade and other receivables

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
0 – 30 days	34,089	62,949
31 – 60 days	14,055	37,634
61 – 90 days	8,552	15,277
Over 90 days	74,345	43,835
	131,041	159,695
Less: provision for impairment of receivables	(352)	(10,638)
	130,689	149,057

For trade receivables, the normal credit period granted by the Group to the customers is 30 days to 60 days from the date of invoice. The credit period for contract receivables varies in accordance with the terms of contracts.

12. Share capital

	Six months ended 30 June 2008		Year ended 31 December 2007	
	Number of shares (‘000)	Amount HK\$'000	Number of shares (‘000)	Amount HK\$'000
Authorised (ordinary shares of HK\$0.1 each)				
Balance at beginning and end of period/year	2,000,000	200,000	2,000,000	200,000
Issued and fully paid (ordinary shares of HK\$0.1 each)				
Balance at beginning of period/year	773,832	77,383	772,182	77,218
Issue of shares on exercise of share options (note a)	—	—	1,650	165
Balance at end of period/year	773,832	77,383	773,832	77,383

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

12. Share capital (Cont'd)

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

	<i>Number of share options</i>	
	Six months ended 30 June 2008 (‘000)	Year ended 31 December 2007 (‘000)
Balance at beginning of period	—	14,800
Exercised	—	(1,650)
Lapsed	—	(13,150)
Balance at end of period	—	—

13. Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Available- for-sale financial assets revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1 January 2007	409,738	600,412	769	119,160	8,314	(397,782)	740,611
Issue of shares on exercise of share options	1,204	—	—	—	—	—	1,204
Disposal of available-for-sale financial assets	—	—	—	(119,160)	—	—	(119,160)
Currency translation adjustments	—	—	—	—	6,487	—	6,487
Profit for the period	—	—	—	—	—	170,023	170,023
Balance as at 30 June 2007	410,942	600,412	769	—	14,801	(227,759)	799,165
Balance as at 1 January 2008	410,942	600,412	769	—	23,713	(235,129)	800,707
Currency translation adjustments	—	—	—	—	26,634	—	26,634
Profit for the period	—	—	—	—	—	27,169	27,169
Balance as at 30 June 2008	410,942	600,412	769	—	50,347	(207,960)	854,510

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

14. Borrowings

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Non-current		
Bank loans, secured	51,386	—
Loan from a minority investor of a subsidiary, unsecured	216,729	204,923
	268,115	204,923
Current		
Bank overdrafts, secured	230	101
Bank loans, secured	200,764	273,798
	200,994	273,899
Total bank borrowings, secured	93,825	87,601
	294,819	361,500
Total borrowings	562,934	566,423

15. Trade and other payables

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
0 – 30 days	18,122	47,493
31 – 60 days	9,681	32,234
61 – 90 days	13,336	17,871
Over 90 days	78,926	53,933
	120,065	151,531

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

16. Capital commitments

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Contracted but not provided in relation to		
Property development	263,428	338,338
Leasehold improvement	2,224	—
	265,652	338,338

17. Financial guarantees

As at 30 June 2008, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK\$425,362,000 (2007: HK\$346,887,000).

18. Related party transactions

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

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

(a) Transactions with related parties

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Construction project management service revenue from a fellow subsidiary (i)	557	2,432
Specialised construction revenue from related companies (ii)	26,732	36,985
Construction costs to related companies for real estate development projects (ii)	89,669	32,101
Construction costs to a fellow subsidiary for a real estate development project (iii)	26,264	—
Rental expenses and license fees to fellow subsidiaries (iv)	1,273	801
Loan interest expenses to a minority investor of a subsidiary (v)	7,965	—
Loan interest expenses to a fellow subsidiary (vi)	3,238	2,805
Interest expenses to related companies (ii)	8,468	4,928
Interest expenses to a fellow subsidiary (vii)	615	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

18. Related party transactions (Cont'd)

(b) *Balances with related parties*

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Contract receivable from a fellow subsidiary for construction project management services (i)	—	4,447
Contract and other receivables from related companies for specialised construction contracts (ii)	45,527	48,305
Contract payable to a fellow subsidiary for real estate development projects (iii)	37,966	8,800
Contract payable to related companies for a real estate development project (ii)	57,294	3,383
Long-term loans from a minority investor of a subsidiary (v)	216,729	204,923
Short-term loans from a fellow subsidiary (vi)	93,825	87,601
Amount due to a fellow subsidiary (vii)	24,088	21,946
Bank borrowings from related companies (ii)	252,380	265,353

(c) *Key management compensation*

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Salaries and short-term employee benefits	3,317	2,976
Pension costs — defined contribution plans	30	30
	3,347	3,006

Notes:

- (i) Details of the construction project management agreement dated 29 July 2004 entered into between a subsidiary and a fellow subsidiary of the Company have been published in the Company's announcement dated 29 July 2004. The transaction constituted a connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- (ii) As China Minmetals is a State-owned enterprise, the government of the PRC (the "PRC Government") is considered as the Company's ultimate controlling party. Other State-controlled enterprises and their subsidiaries, in addition to China Minmetals, directly or indirectly controlled by the PRC Government are also considered as related parties of the Group. To balance the cost and benefit in making disclosure, the Group has only disclosed material transactions with such State-controlled enterprises.
- (iii) Details of the construction contract dated 31 July 2007 entered into between a subsidiary and a fellow subsidiary of the Company have been published in the Company's announcement dated 31 July 2007. The transaction constituted a connected transaction as defined in the Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

18. Related party transactions (Cont'd)

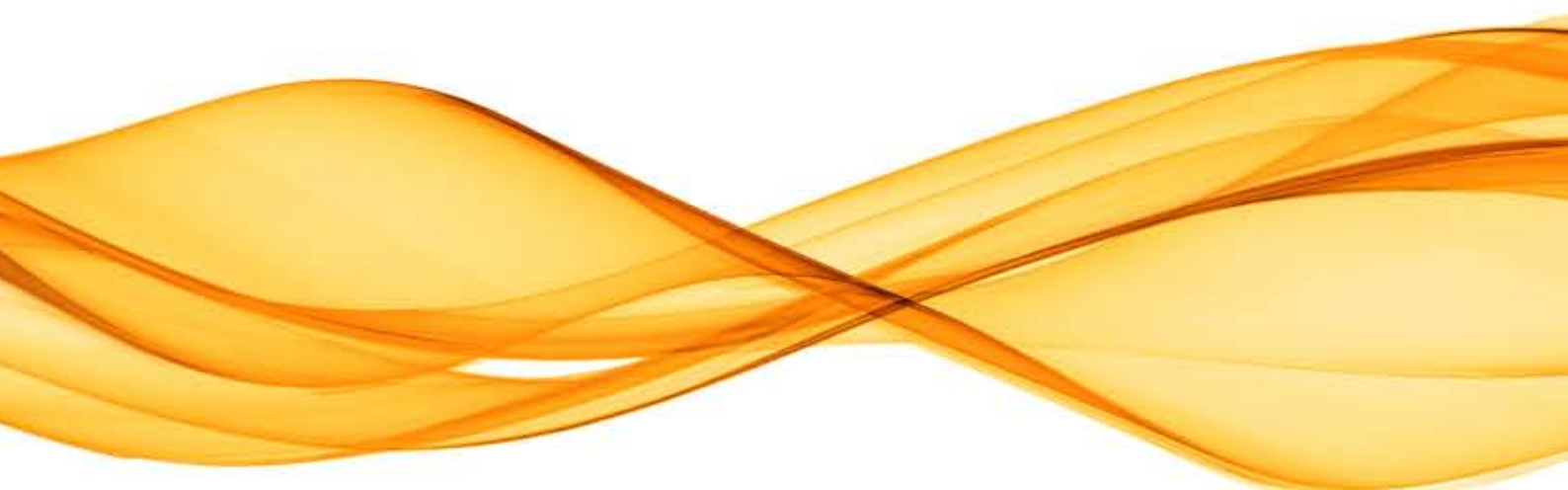
(c) *Key management compensation (Cont'd)*

- (iv) Rental expenses and license fees paid to fellow subsidiaries of the Company were based on the agreements entered into between the parties involved with reference to market rates. The transactions constituted continuing connected transactions as defined in the Listing Rules.
- (v) The unsecured, long-term loan from a minority investor of a non wholly-owned subsidiary of the Company, bears interest at the floating rate for Renminbi 1-3 years term loans per annum as quoted by The People's Bank of China from time to time, and is repayable on 12 November 2009. The minority investor of the subsidiary is also an indirect subsidiary of China Minmetals. The transaction constituted a connected transaction as defined in the Listing Rules.
- (vi) The short-term loans from a fellow subsidiary made on 11 January 2007 and 19 March 2007, for working capital purposes to a subsidiary of the Company for a term of 1 year bearing interest at the rate of 6.732% and 7.029% per annum respectively, are secured by corporate guarantees from Minmetals HK.
- (vii) The amount due to a fellow subsidiary bears interest at the floating rate of 90% of the rate for Renminbi short-term loans per annum as quoted by The People's Bank of China from time to time, is unsecured and repayable on demand. The transaction constituted a connected transaction as defined in the Listing Rules.

19. Events after balance sheet date

On 5 June 2008, the Group entered into an agreement with Cheemimet Finance Limited, a wholly-owned subsidiary of Minmetals HK, and Minmetals HK, for the acquisition of the entire issued share capital of Texion Development Limited and the shareholder's loan of HK\$343,428,032 at a total consideration of approximately HK\$537,200,000. The transaction was subsequently completed on 15 August 2008.

Further details of the above transaction have been published in the Company's circular dated 26 June 2008.



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