五礦資源有限公司
MINMETALS RESOURCES LIMITED
（Incorporated in Hong Kong with limited liability）
(Stock Code: 1208)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of Minmetals Resources Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010.

Financial Highlights

	Six months ended 30 June		
	2010	2009	
	(Unaudited)	(Restated)	Increase
	HK$ million	*HK$ million*	
Revenue	**5,403.7**	2,140.0	153%
Profit attributable to equity holders of the Company	**424.0**	310.6	37%
Earnings per share - Basic and diluted	**HK20.92 cents**	HK15.33 cents	36%

	30 June 2010	31 December 2009	
	(Unaudited)	(Restated)	Increase
	HK$ million	*HK$ million*	
Total assets	**8,347.4**	7,600.4	9.8%
Shareholders' funds	**5,375.5**	4,950.9	8.6%

Chairman’s Message

INTERIM RESULTS

The major financial and operating indicators of the Group in the first half of 2010 significantly improved from those of the corresponding period of the previous year. Even when compared with the second half of 2009, the Group still sustained healthy growth in the period under review. Such reflected the prudent and pragmatic management strategy and successful measures taken in response to the volatile non-ferrous metals market in 2009, which resulted in rapid resumption of sustainable growth momentum in the Group’s various principal businesses. The consolidated revenue and profit attributable to equity holders of the Company for the six months ended 30 June 2010 were HK$5,403.7 million and HK$424.0 million respectively, representing increases of 153% and 37% as compared to those of the corresponding period in the previous year. The basic earnings per share were HK20.92 cents, representing a 36% growth from that of the same period of the previous year.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010. The Board will continue to review the dividend policy in accordance with the operating conditions of the Group.

BUSINESS REVIEW

With respect to the Group’s trading business, the Group’s alumina and aluminium ingot trading business improved considerably. Demand from key aluminium end users in the PRC resumed uptrend, as the global economy gradually became stable since the middle of 2009 and the PRC government’s economic stimulus measures began to take effect. The average aluminium prices in the first half of 2010 increased significantly as compared with those of the same period of the previous year. However, the domestic market share of imported alumina was curtailed by the rapid growth in alumina output of local producers during the period under review. Moreover, commodity prices fell as a result of the European sovereign debt crisis, while in the PRC, the government several times promulgated austerity measures against the property sector during the period under review. In response to the aforesaid challenges, the Group had implemented flexible stocking of alumina from local producers and foreign producers, increased overseas sales, actively monitored inventory level and adopted liquidity management. The Group’s efforts had contributed to the outstanding results of the trading business and drastic growth in the sales volume of alumina and aluminium ingot. The annual 400,000 tonnes of imported alumina sourced through Alcoa contract, coupled with approximately 600,000 tonnes of alumina supplied each year by the Group’s 33%-owned Guangxi Huayin Aluminium Company Limited (“Guangxi Huayin”), ensure the Group a stable supply, which is crucial for the Group to secure its customer base and seize opportunities for achieving sustainable growth.

In respect of aluminium resources exploration and operation integration, Guangxi Huayin has reached its full production capacity since September 2009. Benefiting from the rebound in alumina price as a result of improved economic environment and lower unit production cost owing to full capacity utilisation, Guangxi Huayin returned to black in the first half of 2010. Guangxi Huayin is one of the largest and the most advanced alumina refinery plants in the PRC. It is also one of a few integrated alumina plants with its own bauxite mine and is among the lowest-cost alumina refinery plants in the PRC. In 2009 and early 2010, the shareholders of Guangxi Huayin further enlarged the capital of Guangxi Huayin by injecting an aggregate amount of approximately RMB319.2 million, which was used to finance a technology enhancement project driving infrastructure construction, improvements in energy-saving, wastage reduction and production efficiency. The technology enhancement project is expected to be completed in September 2010. The proprietary railway line, which is scheduled to commence operation at the end of the year, will further enhance the production efficiency and competitiveness of Guangxi Huayin. Regarding the Group's project for exploration of bauxite and establishment of an alumina refinery facility in Jamaica, the Group is planning to extend the study on exploration and optimisation of project value, being part of the feasibility study, with an aim to prepare for the development blueprint.

For aluminium fabrication business, the Group's 72.8%-owned subsidiary, North China Aluminium Company Limited ("NCA"), strived to cope with intensified market competition and rising operation costs during the first half of 2010, and achieved satisfactory results. Since the newly constructed "1850mm Super-thin, Wide and Compound Aluminium Foil Production Line Project" underwent trial run in March, the production quality has gradually become stable. Meanwhile, the capacity utilisation of the production line, which provides the Group with an additional 25,000 tonnes aluminium foil capacity, increased on a monthly basis. It is expected that it will attain economies of scale and be put into full operation at the end of the year. With the objectives of "Driving technological innovation and professional production management", NCA will continue to enhance its competitiveness amid a highly competitive market environment.

Regarding the copper fabrication business, benefiting from the government's increased spending in infrastructure and subsidy scheme for household appliance purchases in rural areas in 2009, demand for power cable and magnet wires remained robust. Entering 2010, the demand for magnet wires remained stable, while the demand for power cable decreased. The newly built copper rod production line with a 300,000-tonne annual production capacity of the Group's 36.3%-owned jointly-controlled company, Changzhou Jinyuan Copper Company Limited ("Changzhou Jinyuan"), commenced its commercial production in May. Riding on the positive momentum and its expanded production capacity, Changzhou Jinyuan increased its sales volume for the first half of 2010. However, due to the substantial rebound of copper prices in 2009, certain copper futures contracts entered into in 2008, which were recognised at their low market value as at the end of 2008 and then become profitable upon the execution in 2009, considerably boosted the profit in 2009. In addition, owing to the phasing out of old production line with new one in operation and substantial increase in copper prices, capital requirements and financial expenses increased. As such, the overall profitability of Changzhou Jinyuan in the first half of 2010 was lower than that of the same period of the previous year.

In April 2010, the Group agreed to dispose of its 42% equity interest in Yantai Penghui Copper Industry Company Limited for a total consideration of approximately RMB85.6 million. Gain on the disposal of the aforementioned interest is expected to be recognised after the transfer to the buyer of significant risks and rewards associated with the ownership of the equity interest.

OUTLOOK

On the back of economic recovery, the business environment of the non-ferrous metals industry improved in the first half of 2010. During the period under review, Minmetals Resources sustained an encouraging growth year on year. This reflected the Group's ability to timely capture business opportunities upon market recovery through its focus on consolidating its businesses, with an aim to expand them.

The new policy promulgated by the State to strictly regulate the irrational capacity expansion of aluminium smelters will be beneficial for a balanced development of industrial production and market supply and demand in the long run. Such will also increase the advantages of enterprises with strong fundamentals. The Group will continue to seize opportunities. Its major tasks in the second half of 2010 include: actively push ahead with technology enhancement, enlarge production capacity, raise product quality, expand market coverage to increase sales. All these tasks help to strengthen the integrated competitiveness of the Group. Minmetals Resources will adhere to its strategies, which include: the Group will fully leverage on its competitive edges in alumina and aluminium ingot business operations to maintain and consolidate its market position; the Group will continue to push ahead with aluminium operation integration to enhance its overall competitiveness; by capitalising on its status as China Minmetals Corporation's overseas platform for non-ferrous metals businesses, the Group will explore other metals with strategic value and gradually develop into an international metals and mining conglomerate.

On behalf of the Board, I would like to extend my heartfelt thanks to our shareholders and all employees for their unfailing support and contributions to the Group. Let us strive to create the next milestone together.

LI Fuli
Chairman

Hong Kong, 24 August 2010

Management Discussion and Analysis

CHANGE IN ACCOUNTING POLICY

In previous years, the Group adopted the purchase method of accounting to account for all its acquisition of subsidiaries, including the business combinations under common control, in accordance with Hong Kong Financial Reporting Standards 3 “Business Combinations” before the issuance of Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the Hong Kong Institute of Certified Public Accountants in November 2005.

In current year, for the purpose of aligning the Group’s accounting policy with its holding companies, the Group has changed to apply the principle of merger accounting in accordance with the requirements set out in AG 5 to business combinations involving entities under the common control of its ultimate holding company. This change in accounting policy has been applied retrospectively and certain comparative figures are restated accordingly. For further details, please refer to Note 3 to the Condensed Consolidated Financial Information.

OVERVIEW

Amid the steady economic growth in the PRC and improved global economy, the Group delivered satisfactory results for the first half of 2010 despite the decline of non-ferrous metal prices in the second quarter and the increasing uncertainties hanging over the global economic outlook. In this half year period, the Group strengthened its sales and marketing efforts to seize market opportunities and expand business. Sales and production of alumina and aluminium related products recorded remarkable increase. Overall profit performance also improved strongly.

For the six months ended 30 June 2010, the Group posted consolidated revenue of HK$5,403.7 million, an increase of 152.5% over the corresponding period in 2009. Profit attributable to shareholders also increased, by 36.5%, to HK$424.0 million. Basic earnings per share were HK20.92 cents for the first half of 2010, as compared to HK15.33 cents for the same period in 2009.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June			
	2010	2009	Increase/(Decrease)	
	HK$ million	*HK$ million*	*HK$ million*	*%*
Trading	**4,354.2**	1,332.4	3,021.8	226.8
Aluminium fabrication	**892.4**	646.1	246.3	38.1
Other operations	**157.1**	161.5	(4.4)	(2.7)
Total external revenue	**5,403.7**	2,140.0	3,263.7	152.5

Market sentiment regarding non-ferrous metals improved since the second half of 2009 as the world gradually recovered from recession. Although some fluctuations were noted in the second quarter, aluminium consumption growth for the first half of 2010 strengthened a lot in the PRC and overseas markets when compared to the last corresponding period.

For the six months ended 30 June 2010, the Group reported consolidated revenue of HK$5,403.7 million, representing an increase of 152.5% when compared to the same period last year. The growth was mainly due to sales volume increase. Compared to the last corresponding period, trading volume of alumina increased from 620,000 tonnes to 988,300 tonnes and aluminium ingots increased from 10,400 tonnes to 110,600 tonnes. Sales of aluminium fabrication products also recorded an increase of 12.5% from 36,900 tonnes to 41,500 tonnes. In addition, alumina and aluminium prices – although not yet caught up with the pre-financial tsunami levels – moved upwards a lot when compared to a year before. This also helped fueling up the Group's revenue growth.

Gross profit

Driven by the growth in sales volume, gross profit of the Group increased significantly by 107.3% to HK$299.3 million (2009: HK$144.4 million) in the first six months of 2010. However, overall gross profit margin dropped to 5.5% (2009: 6.7%). The decline was mainly due to: (i) profit contribution from aluminium fabrication business reduced, mainly because of the lower processing charges than the first-half of last year, particularly for the domestic sales in the PRC market; (ii) in the first half of 2010, trading business accounted for a greater portion of the Group's revenue than before; however, its profit margin – although improved when compared to the last corresponding period – was lower than that of aluminum fabrication business; and (iii) improvement in profit margin of trading business slowed down in the second quarter of 2010 as commodities market sentiment turned more prudent than before amid the European sovereign debt crisis and the various measures implemented by the PRC Government to prevent overheating of the PRC property market.

Selling expenses

Selling expenses increased by 18.5% to HK$44.5 million (2009: HK$37.6 million) for the six months ended 30 June 2010. The increase was mainly due to the higher transportation costs as a result of increase in sales volume. Because of the significant revenue growth, selling expenses to revenue ratio decreased from 1.8% to 0.8%.

Administrative expenses

During the period, the Group continued its efforts in keeping operating costs down. Overall administrative costs remained stable, amounting to HK$74.6 million (2009: HK$73.4 million). Administrative expenses to revenue ratio reduced from 3.4% to 1.4% as a result of the significant increase in sales revenue.

Other gains - net

Other gains – net increased by HK$39.7 million to HK$67.8 million (2009: HK$28.1 million) in the first half of 2010. The major changes include: (i) net gains on aluminium futures contracts, including both realised gains/losses and mark-to-market fair value adjustments at period-end, increased from HK$24.7 million in the first half of 2009 to HK$102.4 million in the first half of 2010; (ii) exchange losses of HK$17.8 million – mainly arising from the currency translation differences of the Australian dollars bank deposits held by the Group – were recorded in the first half of 2010 compared to exchange gains of HK$4.6 million reported in the same period last year; (iii) a fully-provided trade receivable of HK$28.7 million was recovered from a former associate of the Group; and (iv) having considered the recoverability of a receivable – amounting to approximately HK$94.6 million and HK$98.0 million as at 30 June 2010 and 31 December 2009 respectively – due from an aluminium smelter, a provision of HK$45.6 million – in addition to the provision of approximately HK$49.0 million made in 2009 – was provided in the first half of 2010.

Finance income and finance costs

During the period, the Group's finance income increased by HK$5.9 million to HK$13.5 million (2009: HK$7.6 million), mainly due to the increase in average bank deposits held by the Group and the higher interest rate on Australian dollars bank deposits.

Compared to the last interim period, the Group's finance costs in the first half of 2010 decreased by HK$8.8 million to HK$21.0 million (2009: HK$29.8 million) because of the reduction in interest rate and reduced use of discounted bills as a source of short-term financing.

Share of post-tax profits less losses of jointly-controlled companies

The Group's share of the results of its jointly-controlled companies is as follows:

Jointly-controlled company	Interest held	**Six months ended 30 June 2010**	2009
		HK$ million	*HK$ million*
Changzhou Jinyuan Copper Company Limited ("Changzhou Jinyuan")	36.3%	**8.4**	40.9
Guangxi Huayin Aluminium Company Limited ("Guangxi Huayin")	33%	**199.1**	(67.2)
Mincenco Limited ("Mincenco")	51%	**-**	(1.0)
The Group's share of post-tax profits less losses		**207.5**	(27.3)

Changzhou Jinyuan

- Sales volume of copper rods and wires increased by 9.9%; however, lower profit was recorded in the first half of 2010 than the same period last year, mainly due to the factors stated below:
  - (i) The PRC copper prices increased from about RMB28,100 to RMB39,900 per tonne in the first half of 2009 and decreased from about RMB60,200 to RMB52,600 per tonne in the first half of 2010. These volatile price changes caused substantial differences on the mark-to-market fair value adjustments on Changzhou Jinyuan's copper futures contracts, which increased the first-half profit of Changzhou Jinyuan in 2009 by HK$136.3 million but HK$6.0 million only in 2010; and
  - (ii) Surging copper price increased the working capital requirement of Changzhou Jinyuan, thus increased its finance costs and reduced its profit.

Guangxi Huayin

- Turnaround from loss in the last interim period into profit in current interim period;
- Sales volume of alumina increased substantially from 452,300 tonnes in the first half of 2009 to 960,700 tonnes in the first half of 2010;
- Increase in sales volume and alumina price as well as higher production capacity utilisation rate contributed to the significantly improved profit performance for the current period; and
- In the first half of 2010, a capital injection of approximately RMB216.1 million (equivalent to approximately HK$246.4 million) was made by Guangxi Huayin's shareholders in proportion to their respective shareholdings to provide additional financial support to Guangxi Huayin for a technology enhancement project, which can improve energy-saving, wastage reduction and production efficiency. When completed, production capabilities of Guangxi Huayin will be further strengthened. For more details, please refer to the Company's announcement dated 28 January 2010.

Mincenco

- The bauxite exploration and alumina refinery project in Jamaica is still in the feasibility study phase. No significant changes in current interim period.

Share of post-tax profits of associates

The Group's share of the results of its associates is as follows:

Associate	Interest held	Six months ended 30 June **2010**	2009
		HK$ million	*HK$ million*
Sino Nickel Pty Ltd ("Sino Nickel")	40%	**7.3**	2.6
Qingdao M.C. Packaging Limited ("Qingdao M.C.")	20%	**1.8**	2.3
Others		**-**	0.3
The Group's share of post-tax profits		**9.1**	5.2

Sino Nickel
- Trading performance of nickel concentrate improved significantly as average selling price of nickel concentrate increased by about 59% when compared to the same period last year.

Qingdao M.C.
- Profit lowered when compared to the last interim period;
- Sales volume of aluminium cans grew by 14.5% but could not offset the negative impact of margin decrease caused by intense market competition.

SEGMENTAL ANALYSIS

Trading

For the six months ended 30 June 2010, trading business accounted for 80.6% (2009: 62.3%) of the Group's external revenue and contributed HK$246.4 million (2009: HK$47.7 million) to the Group's operating profit. Alumina and aluminium ingots remained the Group's major trading products during the period, representing about 60.9% (2009: 90.1%) and 39.1% (2009: 9.9%) respectively of the external revenue of this segment.

		Six months ended 30 June			
		2010	2009	Increase/(Decrease)	
					%
External revenue	(HK$ million)				
Alumina		**2,652.8**	1,200.1	1,452.7	121.0
Aluminium ingot		**1,701.4**	131.9	1,569.5	1,189.9
Others		**-**	0.4	(0.4)	(100.0)
Total		**4,354.2**	1,332.4	3,021.8	226.8
Sales volume	('000 tonnes)				
Alumina		**988.3**	620.0	368.3	59.4
Aluminium ingot		**110.6**	10.4	100.2	963.5
Average selling price	(HK$ per tonne)				
Alumina		**2,684**	1,936	748	38.6
Aluminium ingot		**15,384**	12,647	2,737	21.6
Operating profit	(HK$ million)	**246.4**	47.7	198.7	416.5

Alumina prices in the PRC market moved from about RMB2,900 per tonne (tax included, similarly hereinafter) at the start of 2010 to about RMB2,500 per tonne towards the end of June, a drop of about 14%. Prices weakened but remained much higher – at all times throughout the entire period – than the corresponding ones in last year. Aluminium also followed similar price trend. Spot prices in Shanghai Futures Exchange and London Metal Exchange slumped about 11% and 13% respectively during the same period.

With the continued upturn of economy since the second half of last year, the Group made good progress in expanding its trading business in the first quarter of 2010. However, the development was not free of concerns as trading of alumina and aluminium ingot experienced setback afterwards. European sovereign debt crisis squeezed the demand for the metals. Besides, the PRC's curbs on lending and property speculation also cooled the demand. Large inventory build-up and oversupply led to the price slump in the second quarter and slowed down the growth momentum. Nevertheless, the average prices of alumina and aluminium ingot sold by the Group in the first half of 2010 could still be maintained at levels higher than the last interim period. This, together with the substantial increase in sales volume – particularly the domestic trade in the PRC market, helped this segment delivering encouraging first-half results in 2010.

Aluminium Fabrication

Aluminium fabrication accounted for 16.5% (2009: 30.2%) of the Group's external revenue and contributed HK$15.7 million (2009: HK$27.9 million) to the Group's operating profit for the six months ended 30 June 2010. The Group operated its aluminium fabrication business through a 72.8%-owned subsidiary, North China Aluminium Company Limited ("NCA").

		Six months ended 30 June			
		2010	2009	Increase/(Decrease)	
					%
External revenue	(HK$ million)	**892.4**	646.1	246.3	38.1
Sales volume	('000 tonnes)	**41.5**	36.9	4.6	12.5
Operating profit	(HK$ million)	**15.7**	27.9	(12.2)	(43.7)

Increased demand for aluminium fabrication products from both the PRC and overseas markets added impetus to the revenue growth of NCA during the period. Because of improvement in production efficiency and recovery in export sales, sales volume increased by 12.5% to 41,500 tonnes in the first half of 2010. Nevertheless, this segment reported lower profit in current interim period than a year before. This was mainly due to: (i) more and more competitors entered the market in recent years and posed increasing pressure on the processing charges of certain product categories, particularly the low-end products; and (ii) cost of inventories increased as a result of rising aluminium price – in average when compared to the last corresponding period.

In view of the above, NCA has adopted several measures to strengthen its profit earning power and competitive edge, which include: (i) realignment of its product mix by placing more emphasis on high value-added products in its market development strategies; (ii) implementation of quality enhancement and technology development programmes to improve its product competitiveness; and (iii) more comprehensive controls over commodity price risk exposures so as to minimise the adverse impact on operating profit caused by aluminium price fluctuation.

Other operations

Other operations of the Group include production and sale of aluminium processing equipment, production and sale of plica tubes (flexible metals conduits) and port logistics services, which in aggregate accounted for 2.9% (2009: 7.5%) of the Group's external revenue and contributed HK$4.7 million (2009: HK$4.3 million) to the Group's operating profit for the six months ended 30 June 2010.

OTHER FINANCIAL INFORMATION

Financial Resources and Liquidity

The Group remained in a strong liquidity and financial position throughout the six-month period ended 30 June 2010. During the period, total assets increased by 9.8% to HK$8,347.4 million and shareholders' equity increased by 8.6% to HK$5,375.5 million. Current ratio dropped slightly from 2.4 at 31 December 2009 to 2.2 at 30 June 2010.

As at 30 June 2010, the Group was in a net cash position of HK$931.8 million, representing cash and bank deposits of HK$1,950.9 million less bank borrowings of HK$1,019.1 million. Hence, gearing ratio (defined as total borrowings less cash and bank deposits divided by shareholders' equity) is not applicable.

The Group's cash and bank deposits, amounting to HK$1,950.9 million at 30 June 2010, were mainly denominated in US dollars (57%), Renminbi (21%) and Australian dollars (21%).

As at 30 June 2010, the profile of the Group's bank borrowings was as follows:

(1) 60% were in Renminbi and 40% were in US dollars;
(2) 29% were in fixed rates and 71% were in floating rates; and
(3) 45% were repayable within 1 year, 14% were repayable between 1 and 2 years, 29% were repayable between 2 and 5 years and 12% were repayable after 5 years.

Material Acquisitions and Disposals

In January 2010, the Group provided cash contribution of approximately RMB71.3 million (equivalent to approximately HK$81.3 million) to Guangxi Huayin to support its technology enhancement project, which can enhance energy-saving, wastage reduction and production efficiency of its manufacturing process. The above contribution was made in proportion to the Group's equity interest in Guangxi Huayin, that is, 33%.

In April 2010, an agreement was entered into by the Group to conditionally dispose 42% equity interest in Yantai Penghui Copper Industry Company Limited – a non-current asset held for sale by the Group – to an independent third party at a consideration of approximately RMB85.6 million (equivalent to approximately HK$97.6 million). As full provision had already been made in respect of this investment in prior years, it was expected that an estimated disposal gain of approximately RMB85.6 million (equivalent to approximately HK$97.6 million) would be recognised in accordance with the fulfillment of conditions as stipulated in the agreement and the transfer of significant risks and rewards of the ownership concerned. For the six months ended 30 June 2010, a deposit of RMB8.6 million (equivalent to approximately HK$9.8 million) was received by the Group in accordance with the agreement and no disposal gain has been recognised in this half year period.

Capital Expenditure and Commitments

The Group incurred capital expenditure of approximately HK$79.2 million for six months ended 30 June 2010, which was mainly related to the construction of a new aluminium foil production line and the upgrade of other production facilities.

The Group's capital commitments as at 30 June 2010 amounted to approximately HK$86.0 million, which were mainly related to the expansion and upgrade of its aluminium fabrication production facilities.

Contingent Liabilities

The Group had no material contingent liability as at 30 June 2010.

Charge on Assets

As at 30 June 2010, the following assets of the Group were pledged to certain banks for the banking facilities granted to the Group:

(1) All the equity interests of a wholly owned subsidiary, Sino Mining Alumina Limited ("Sino Mining") and all the assets of Sino Mining;

(2) Certain property, plant and equipment, land use rights as well as inventories of the Group with a total carrying amount of approximately HK$422.2 million; and

(3) Bank deposits of approximately HK$51.2 million.

Risk Management

Set out below are the major risk areas that the Group may enter into derivative contracts from time to time to hedge against the risks.

(a) Commodity price risk

Same as last year, the Group has used aluminium futures contracts to mitigate the fluctuation of commodity prices that may cause to its trading and aluminium fabrication businesses. As at 30 June 2010, the Group's long and short positions in aluminium futures contracts amounted to approximately 29,915 tonnes and 35,660 tonnes respectively.

(b) Interest rate risk

Interest rate swaps of the Group with a notional principal amount of approximately HK$429.0 million as at 31 December 2009 expired in the current interim period and after that no interest rate swap remained outstanding as at 30 June 2010. The Group will continue to closely monitor the impact of interest rate movements on its results and financial positions and adjust its fixed-rate and floating-rate loan balances accordingly; and if necessary, consider the use of derivative financial instruments to hedge against this risk.

(c) Foreign exchange risk

Same as last year, the Group's foreign exchange risk exposure primarily related to its operations in Hong Kong, Mainland China and Australia. The Group's revenue is principally denominated in United States dollars and Renminbi, while cost of sales and other expenses are mainly denominated in United States dollars, Renminbi, Australian dollars and Hong Kong dollars. Given the exchange rate peg between Hong Kong dollars and United States dollars, it is not foreseen that the Group will be exposed to significant exchange risk for transactions conducted in these two currencies. However, exchange rate fluctuations of Renminbi or Australian dollars against United States dollars or Hong Kong dollars may affect the Group's performance and asset value. In 2010, the Group has used foreign exchange forward contracts to reduce its Australian dollars exchange exposures in relation to the sourcing cost of alumina. The total notional principal amount of the Group's outstanding foreign exchange forward contracts as at 30 June 2010 was approximately Australian dollars 3.7 million (equivalent to approximately HK$24.8 million) (2009: Nil).

Human Resources

At 30 June 2010, the Group employed a total of 2,532 full-time employees (not including the employees of jointly-controlled companies and associates), of which 16 were based in Hong Kong, 13 were in Australia and the remaining ones were in Mainland China. The total staff costs, including the directors' emoluments, for the six months ended 30 June 2010 amounted to approximately HK$78.0 million.

The Group has adopted salary policies in line with market practice and remunerated its employees based on their performance and experience. Other employee benefits include performance-related bonuses, insurance and medical coverage and share option scheme. Various forms of training are provided to staff as and when necessary. For the six months ended 30 June 2010, a total of 15,400,000 share options were granted to certain directors of the Company and employees of the Group to recognise and acknowledge the contributions that they had made or may from time to time make to the Group whether in the past or in the future.

Condensed Consolidated Interim Income Statement

	Note	**Six months ended 30 June** **2010** **(Unaudited)**	2009 (Restated)
		HK$'000	*HK$'000*
Revenue	4	**5,403,696**	2,139,951
Cost of sales		**(5,104,413)**	(1,995,589)
Gross profit		**299,283**	144,362
Selling expenses		**(44,539)**	(37,594)
Administrative expenses		**(74,639)**	(73,396)
Other income	5	**4,812**	5,708
Other gains – net	6	**67,780**	28,120
Gain on disposal of available-for-sale financial assets		**-**	325,559
Operating profit	7	**252,697**	392,759
Finance income	8	**13,548**	7,637
Finance costs	8	**(21,025)**	(29,806)
Share of post-tax profits less losses of jointly-controlled companies		**207,515**	(27,294)
Share of post-tax profits of associates		**9,089**	5,240
Profit before income tax		**461,824**	348,536
Income tax expense	9	**(34,904)**	(34,631)
Profit for the period		**426,920**	313,905
Attributable to:			
Equity holders of the Company		**423,980**	310,634
Non-controlling interests		**2,940**	3,271
		426,920	313,905
Earnings per share for profit attributable to equity holders of the Company			
- Basic and diluted	10	**HK20.92 cents**	HK15.33 cents

Condensed Consolidated Interim Statement of Comprehensive Income

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Restated)
	HK$'000	*HK$'000*
Profit for the period	**426,920**	313,905
Other comprehensive income		
Cash flow hedge	**7,426**	7,927
Currency translation differences	**(6,882)**	15,825
Transfer to income statement on disposal of available-for-sale financial assets	**-**	(248,599)
Total comprehensive income for the period	**427,464**	89,058
Total comprehensive income attributable to:		
Equity holders of the Company	**424,524**	85,787
Non-controlling interests	**2,940**	3,271
	427,464	89,058

Condensed Consolidated Interim Balance Sheet

	Note	**30 June 2010 (Unaudited)**	31 December 2009 (Restated)
		HK$'000	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment	12	**475,922**	503,526
Construction in progress	12	**383,326**	322,821
Investment properties	12	**13,150**	13,150
Land use rights	12	**20,210**	8,947
Alumina purchasing rights	12	**1,060,503**	1,091,718
Goodwill		**6,849**	6,849
Interests in jointly-controlled companies		**1,513,146**	1,219,628
Interests in associates		**121,383**	118,493
Deferred income tax assets		**46,953**	39,826
		3,641,442	3,324,958
Current assets			
Inventories		**712,823**	959,659
Trade and bills receivables	13	**1,395,927**	813,985
Prepayments, deposits and other receivables		**602,249**	522,314
Derivative financial instruments		**38,544**	4,253
Current income tax assets		**5,550**	6,957
Time deposits		**827,253**	218,770
Pledged bank deposits		**51,159**	35,361
Cash and cash equivalents		**1,072,460**	1,714,093
		4,705,965	4,275,392
Total assets		**8,347,407**	7,600,350

Condensed Consolidated Interim Balance Sheet (Continued)

	Note	**30 June 2010 (Unaudited)**	31 December 2009 (Restated)
		HK$'000	*HK$'000*
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	**101,311**	101,311
Reserves		**5,274,208**	4,849,564
		5,375,519	4,950,875
Non-controlling interests		**203,211**	200,363
Total equity		**5,578,730**	5,151,238
Liabilities			
Non-current liabilities			
Deferred income		**40,383**	40,155
Deferred income tax liabilities		**9,940**	6,557
Bank borrowings	17	**564,000**	641,573
		614,323	688,285
Current liabilities			
Trade and bills payables	18	**977,013**	516,691
Accruals, receipts in advance and other payables		**710,649**	587,853
Advances from banks for discounted bills		**-**	195,403
Amounts due to intermediate and ultimate holding companies, fellow subsidiaries and a jointly-controlled company		**5,804**	5,193
Derivative financial instruments		**1,791**	78,562
Current income tax liabilities		**3,949**	8,754
Bank borrowings	17	**455,148**	368,371
		2,154,354	1,760,827
Total liabilities		**2,768,677**	2,449,112
Total equity and liabilities		**8,347,407**	7,600,350
Net current assets		**2,551,611**	2,514,565
Total assets less current liabilities		**6,193,053**	5,839,523

Notes to the Condensed Consolidated Financial Information

1. Independent review

The interim financial information for the six months ended 30 June 2010 is unaudited and has been reviewed by the Company's auditor, PricewaterhouseCoopers, 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. The auditor's unmodified review report will be included in the interim report. This interim financial information has also been reviewed by the Company's audit committee.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except for described below and the change in accounting policy as described in Note 3, the accounting policies applied in the preparation of this condensed consolidated interim financial information are consistent with those used in the financial statements for the year ended 31 December 2009.

(a) Effect of adopting amendments to standards and interpretations

In 2010, the Group has adopted the following revised standards, amendments to standards and interpretations issued by the HKICPA, which are mandatory for accounting periods beginning on or after 1 January 2010. The adoption of these revised standards, amendments to standards and interpretations does not have any significant impact on the Group's results and financial position.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKFRSs (Amendment)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK (IFRIC) - Int 17	Distributions of non-cash assets to owners

2. Basis of preparation (Continued)

(b) New standard, amendments to standards and interpretations that have been issued but are not effective

The Group has not early adopted the following new/revised standards, amendments and interpretations to standards that have been issued but are not effective for the accounting periods beginning on 1 January 2010. The Group is in the process of assessing their impact to the Group's results and financial position.

HKFRSs (Amendment)	Improvements to HKFRSs issued in 2010 [1]
HKAS 24 (Revised)	Related parties disclosures [4]
HKAS 32 (Amendment)	Classification of rights issues [2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters [3]
HKFRS 9	Financial instruments [5]
HK (IFRIC) - Int 14 (Amendment)	Prepayments of a minimum funding requirement [4]
HK (IFRIC) - Int 19	Extinguishing financial liabilities with equity instruments [3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

3. Change in accounting policy

In previous years, the Group adopted the purchase method of accounting to account for all its acquisition of subsidiaries, including the business combinations under common control, in accordance with HKFRS 3 "Business Combinations" before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA in November 2005. In current year, for the purpose of aligning the Group's accounting policy with its holding companies, the directors of the Company (the "Directors") reviewed the appropriateness and practicality of the change of method of accounting for business combinations under common control taking into account merger accounting as allowed under the AG 5. The Directors consider that merger accounting is more appropriate and would provide reliable and more relevant information in respect of the Group's business combinations under common control as it can better reflect the underlying economic substance of these transactions. Accordingly, the Group has changed to apply the principle of merger accounting in accordance with the requirements set out in AG 5 to business combinations involving entities under the common control of its ultimate holding company.

Merger accounting for business combinations involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

3. Change in accounting policy (Continued)

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative figures in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

The change in accounting policy has been applied retrospectively to the acquisition of the alumina and aluminium businesses (mainly comprised Minmetals Aluminium Company Limited and its subsidiaries) by the Group from a subsidiary of the Group's ultimate holding company on 6 October 2005. The effect of the change in accounting policy is as follows:

Consolidated balance sheet at 31 December 2009	*HK$'000*
Decrease in alumina purchasing rights	1,328,390
Decrease in inventories	19,696
Decrease in deferred income tax liabilities	116,062
Decrease in reserve	1,232,024

Condensed consolidated interim income statement for the six months ended 30 June 2009	*HK$'000*
Decrease in cost of sales	(34,561)
Increase in gain on disposal of available-for-sale financial assets	110,837
Increase in deferred income tax expense	4,146
Increase in net profit attributable to equity holders of the Company	141,252

Earnings per share for the six months ended 30 June 2009	*HK cents*
Increase in basic and diluted earnings per share	6.97

3. Change in accounting policy (Continued)

The financial effect of the adoption of merger accounting on the Group's equity on 1 January 2009 is summarised below:

	As previously reported	Adjustments on merger accounting	As restated
	HK$'000	*HK$'000*	*HK$'000*
Share capital and other reserves	4,211,832	-	4,211,832
Exchange translation reserve	147,159	(18,099)	129,060
Available-for-sale financial assets reserve	137,762	110,837	248,599
PRC statutory reserves	147,604	927	148,531
Merger reserve	-	(1,146,993)	(1,146,993)
Retained profits	1,447,722	(225,304)	1,222,418
Non-controlling interests	193,134	-	193,134
Total equity	6,285,213	(1,278,632)	5,006,581

The change in accounting policy has the following impact, including the adjustments on the amortisation of alumina purchasing rights and its related tax impact, on the Group's interim results for the six months ended 30 June 2010:

Condensed consolidated interim income statement for the six months ended 30 June 2010	*HK$'000*
Decrease in cost of sales	(52,068)
Increase in deferred income tax expense	4,452
Increase in net profit attributable to equity holders of the Company	47,616

Notes to the Condensed Consolidated Financial Information

4. Segment information

The Group manages its non-ferrous metals businesses through subsidiaries engaging in different operations along the supply chain. The chief operating decision-maker has been identified as the Company's executive directors and other senior management of the Group. They review the Group's internal reporting of these companies in order to assess performance and allocate resources. The identification of operating segments is based on the stage of operation along the supply chain. The Group's reportable segments are as follows:

Trading	:	This segment engages in the trading of alumina and aluminium ingot. Alumina is sourced under spot contracts and long-term contracts signed with international and domestic alumina suppliers as well as a jointly-controlled company of the Group, and sold to customers in the People's Republic of China (the "PRC") and overseas markets. Aluminium ingot is sourced from PRC aluminium smelters and sold to the Group's aluminium fabrication operation and other PRC customers.
Aluminium fabrication	:	This segment engages in the production and sale of aluminium foil, plate, strip and extrusions. Its products are sold throughout the PRC, America and Asia markets.
Other operations	:	Operating segments that do not meet the quantitative thresholds are combined as "Other operations", which include production and sale of aluminium processing equipment, production and sale of plica tubes and provision of port logistics services.

Inter-segment sales are priced with reference to prices charged to external third parties for similar transactions. Finance costs for inter-segment loans are charged at prevailing market interest rates.

4. Segment information (Continued)

The segment revenue and result for the six months ended 30 June 2010 are as follows:

	For the six months ended 30 June 2010 (Unaudited)						
	Trading	Aluminium fabrication	Other operations	Segment total	Inter-segment elimination	Unallocated (Note)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	**4,354,168**	**892,445**	**157,083**	**5,403,696**	**-**	**-**	**5,403,696**
Inter-segment revenue	**571,421**	**-**	**29,252**	**600,673**	**(600,673)**	**-**	**-**
Revenue	**4,925,589**	**892,445**	**186,335**	**6,004,369**	**(600,673)**	**-**	**5,403,696**
Operating profit	**246,433**	**15,715**	**4,652**	**266,800**	**-**	**(14,103)**	**252,697**
Finance income	**11,465**	**159**	**1,973**	**13,597**	**(1,410)**	**1,361**	**13,548**
Finance costs	**(9,823)**	**(12,590)**	**(22)**	**(22,435)**	**1,410**	**-**	**(21,025)**
Segment result	**248,075**	**3,284**	**6,603**	**257,962**	**-**	**(12,742)**	**245,220**
Share of post-tax profits of jointly-controlled companies							**207,515**
Share of post-tax profits of associates							**9,089**
Income tax expense							**(34,904)**
Profit for the period							**426,920**
Other segment information:							
Additions to non-current assets	**104**	**62,144**	**16,953**	**79,201**	**-**	**4**	**79,205**
Depreciation of property, plant and equipment	**247**	**28,674**	**4,180**	**33,101**	**-**	**410**	**33,511**
Amortisation							
- Alumina purchasing rights	**31,215**	**-**	**-**	**31,215**	**-**	**-**	**31,215**
- Land use rights	**-**	**1,345**	**19**	**1,364**	**-**	**-**	**1,364**
Other major non-cash expenses							
- Provision for impairment of receivables	**45,600**	**-**	**672**	**46,272**	**-**	**-**	**46,272**

Note: Unallocated items mainly include finance income and corporate costs which cannot be meaningfully allocated to individual segments.

Notes to the Condensed Consolidated Financial Information

4. Segment information (Continued)

The segment revenue and result for the six months ended 30 June 2009 are as follows:

	For the six months ended 30 June 2009 (Restated)						
	Trading	Aluminium fabrication	Other operations	Segment total	Inter-segment elimination	Unallocated (Note)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	1,332,352	646,054	161,545	2,139,951	-	-	2,139,951
Inter-segment revenue	389,643	1,191	4,614	395,448	(395,448)	-	-
Revenue	1,721,995	647,245	166,159	2,535,399	(395,448)	-	2,139,951
Operating profit	47,710	27,856	4,273	79,839	-	312,920	392,759
Finance income	3,787	141	1,513	5,441	(3,053)	5,249	7,637
Finance costs	(14,427)	(18,338)	(94)	(32,859)	3,053	-	(29,806)
Segment result	37,070	9,659	5,692	52,421	-	318,169	370,590
Share of post-tax profits less losses of jointly-controlled companies							(27,294)
Share of post-tax profits of associates							5,240
Income tax expense							(34,631)
Profit for the period							313,905
Other segment information:							
Additions to non-current assets	743	129,040	27,979	157,762	-	15	157,777
Depreciation of property, plant and equipment	328	29,571	2,385	32,284	-	447	32,731
Amortisation							
- Alumina purchasing rights	31,215	-	-	31,215	-	-	31,215
- Land use rights	-	894	6	900	-	-	900
Other major non-cash expenses							
- Provision for impairment of receivables	-	-	658	658	-	-	658

Note: Unallocated items mainly include gain on disposal of available-for-sale financial assets, finance income and corporate costs which cannot be meaningfully allocated to individual segments.

Notes to the Condensed Consolidated Financial Information

4. Segment information (Continued)

The segment assets and liabilities are as follows:

	At 30 June 2010 (Unaudited)					
	Trading	**Aluminium fabrication**	**Other operations**	**Segment total**	**Unallocated (Note)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**4,168,031**	**1,578,784**	**613,246**	**6,360,061**	**300,314**	**6,660,375**
Interests in jointly-controlled companies						1,513,146
Interests in associates						121,383
Deferred income tax assets						46,953
Current income tax assets						5,550
Total assets						8,347,407
Segment liabilities	**1,219,918**	**968,328**	**554,949**	**2,743,195**	**11,593**	**2,754,788**
Deferred income tax liabilities						9,940
Current income tax liabilities						3,949
Total liabilities						2,768,677

	At 31 December 2009 (Restated)					
	Trading	Aluminium fabrication	Other operations	Segment total	Unallocated (Note)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	3,719,959	1,582,026	582,570	5,884,555	330,891	6,215,446
Interests in jointly-controlled companies						1,219,628
Interests in associates						118,493
Deferred income tax assets						39,826
Current income tax assets						6,957
Total assets						7,600,350
Segment liabilities	1,002,540	937,150	491,671	2,431,361	2,440	2,433,801
Deferred income tax liabilities						6,557
Current income tax liabilities						8,754
Total liabilities						2,449,112

Note: Unallocated items mainly include assets and liabilities that are not directly attributable to any reportable segment.

4. Segment information (Continued)

The Company is domiciled in Hong Kong. The revenues from external customers are attributed to places on the basis of the customer's location. For the six months ended 30 June 2010, revenues from the Group's first and second largest external customers – attributable to the trading segment – amounted to HK$603,154,000 and HK$582,692,000 respectively. For the six months ended 30 June 2009, revenues of approximately HK$256,615,000 are derived from a single external customer in the Group's trading segment.

	External revenue		**Interests in jointly-controlled companies and associates**		**Other non-current assets (other than deferred income tax assets)**	
	Six months ended 30 June		**30 June**	31 December	**30 June**	31 December
	2010	2009	**2010**	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**4,485,370**	2,013,739	**1,541,936**	1,248,003	**895,826**	851,170
Australia	**199,612**	486	**92,528**	90,113	**1,061,467**	1,092,768
Hong Kong	**180,785**	1,139	**-**	-	**2,667**	3,073
Others	**537,929**	124,587	**65**	5	**-**	-
Total	**5,403,696**	2,139,951	**1,634,529**	1,338,121	**1,959,960**	1,947,011

5. Other income

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales of by-products and other services income	**2,792**	3,592
Amortisation of deferred income	**1,368**	1,368
Others	**652**	748
	4,812	5,708

Notes to the Condensed Consolidated Financial Information

6. Other gains – net

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net gains on aluminium futures contracts	**102,361**	24,650
Gain on disposal of property, plant and equipment	**202**	250
Reversal of provision for impairment of receivables	**28,737**	27
Provision for impairment of receivables	**(46,272)**	(658)
Exchange (losses)/gains – net	**(17,825)**	4,556
Others	**577**	(705)
	67,780	28,120

7. Operating profit

Operating profit is determined after charging the following:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Restated)
	HK$'000	*HK$'000*
Cost of inventories	**5,016,249**	1,945,788
Employee benefit expenses (including directors' emoluments)	**78,008**	60,600
Amortisation		
- Alumina purchasing rights	**31,215**	31,215
- Land use rights	**1,364**	900
Depreciation of property, plant and equipment	**33,511**	32,731
Operating lease rental on properties	**1,506**	2,582

Notes to the Condensed Consolidated Financial Information

8. Finance income and finance costs

	Six months ended 30 June 2010 (Unaudited)	2009 (Unaudited)
	HK$'000	*HK$'000*
Finance income		
- Interest income	**13,548**	7,637
Finance costs		
- Interest on bank borrowings wholly repayable within five years	**(18,030)**	(15,380)
- Interest on bank borrowings not wholly repayable within five years	**(2,278)**	(10,435)
- Fair value loss on interest rate swaps	**(7,545)**	(9,443)
	(27,853)	(35,258)
Less : Interest expense capitalised into construction in progress	**6,828**	5,452
	(21,025)	(29,806)

Capitalisation rate of 5.9% per annum (2009: 5.9%) was used, representing the weighted average rate of the cost of borrowings to finance the construction in progress.

9. Income tax expense

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to offset the estimated assessable profit generated in Hong Kong for the period (2009: Nil). Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 June 2010 (Unaudited)	2009 (Restated)
	HK$'000	*HK$'000*
Current income tax		
PRC corporate income tax	**(38,648)**	(1,907)
Deferred income tax	**3,744**	(32,724)
Income tax expense	**(34,904)**	(34,631)

Notes to the Condensed Consolidated Financial Information

10. Earnings per share

(a) Basic

The calculation of basic earnings per share is based on net profit attributable to equity holders of the Company of HK$423,980,000 (2009 (restated): HK$310,634,000) and the weighted average number of 2,026,216,799 (2009: 2,026,556,865) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is equal to basic earnings per share for the six months ended 30 June 2010 as the dilutive effect of the outstanding share options granted by the Company was insignificant. There were no dilutive potential ordinary shares in existence for the six months ended 30 June 2009.

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Restated)
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**423,980**	310,634
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	**2,026,216,799**	2,026,556,865
Dilutive potential ordinary shares in respect of share options granted	**101,120**	-
Adjusted weighted average number of ordinary shares in issue	**2,026,317,919**	2,026,556,865
Diluted earnings per share	**HK20.92 cents**	HK15.33 cents

11. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

Notes to the Condensed Consolidated Financial Information

12. Capital expenditure

	Property, plant and equipment (Unaudited)	Construction in progress (Unaudited)	Investment properties (Unaudited)	Land use rights (Unaudited)	Alumina purchasing rights (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2010					
At 1 January 2010, as previously reported	**503,526**	**322,821**	**13,150**	**8,947**	**2,420,108**
Change in accounting policy (Note 3)	**-**	**-**	**-**	**-**	**(1,328,390)**
At 1 January 2010, as restated	**503,526**	**322,821**	**13,150**	**8,947**	**1,091,718**
Additions	**2,714**	**63,864**	**-**	**12,627**	**-**
Transfer to property, plant and equipment	**3,359**	**(3,359)**	**-**	**-**	**-**
Depreciation and amortisation	**(33,511)**	**-**	**-**	**(1,364)**	**(31,215)**
Disposals	**(166)**	**-**	**-**	**-**	**-**
At 30 June 2010	**475,922**	**383,326**	**13,150**	**20,210**	**1,060,503**
Six months ended 30 June 2009					
At 1 January 2009, as previously reported	520,703	103,639	13,110	9,303	2,558,400
Change in accounting policy (Note 3)	-	-	-	-	(1,404,251)
At 1 January 2009, as restated	520,703	103,639	13,110	9,303	1,154,149
Additions	2,257	155,092	-	428	-
Transfer to property, plant and equipment	18,562	(18,562)	-	-	-
Depreciation and amortisation	(32,731)	-	-	(900)	(31,215)
Disposals	(615)	-	-	-	-
At 30 June 2009	508,176	240,169	13,110	8,831	1,122,934

13. Trade and bills receivables

The majority of sales derived from trading operation are under the arrangement of delivery upon payment from customers, with the remaining amounts are on letters of credit. For the aluminium fabrication and other operations, customers with established trading history are normally granted with credit periods ranging from 30 to 90 days, others are on cash terms. The aging analysis of the trade receivables is as follows:

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	HK$'000	***%***	*HK$'000*	*%*
Trade receivables				
Less than 6 months	**444,018**	**89**	193,795	78
6 months – 1 year	**4,925**	**1**	5,909	2
Over 1 year	**48,660**	**10**	48,874	20
	497,603	**100**	248,578	100
Less: Provision for impairment	**(50,624)**		(49,877)	
Trade receivables – net	**446,979**		198,701	
Bills receivables (Note)	**948,948**		615,284	
	1,395,927		813,985	

Note: Bills receivables are with maturity of less than 6 months. As at 30 June 2010, bills receivable of approximately HK$420,383,000 (2009: HK$398,059,000) were discounted to banks or endorsed to suppliers.

As at 30 June 2010, the Group's trade receivables included a trade receivable of HK$46,719,000 (2009: HK$18,409,000), which was due from a related company of the Group.

14. Share capital

	Number of ordinary shares (Unaudited)		**Nominal value (Unaudited)**	
	2010	2009	**2010**	2009
	(in thousand)	*(in thousand)*	***HK$'000***	*HK$'000*
Issued and fully paid:				
At 1 January	**2,026,217**	2,029,105	**101,311**	101,455
Cancellation of repurchased shares	**-**	(2,888)	**-**	(144)
At 30 June	**2,026,217**	2,026,217	**101,311**	101,311

There were no changes in the authorised and issued share capital of the Company for the six months ended 30 June 2010.

Notes to the Condensed Consolidated Financial Information

15. Share-based payment transactions

Share option scheme

On 3 June 2010, a total of 15,400,000 share options were granted to certain directors of the Company and employees of the Group pursuant to the Company's share option scheme (the "Scheme"), which was approved by the shareholders of the Company on 28 May 2004. The principal terms and conditions of the Scheme have been disclosed in the Company's 2009 annual report.

The validity period of the options is five years from 3 June 2010 to 2 June 2015. The options are exercisable in three tranches starting from 24 months after the grant date in accordance with the table shown below and subject to the achievement of certain performance targets by the Group and the grantee.

Number of options (in thousand) granted to					
Directors	Employees	Total	Vesting period	Exercise price per share	Exercise period
				HK$	
2,706	2,376	5,082	3 June 2010 to 2 June 2012	2.75	3 June 2012 to 2 June 2015
2,788	2,448	5,236	3 June 2010 to 2 June 2013	2.75	3 June 2013 to 2 June 2015
2,706	2,376	5,082	3 June 2010 to 2 June 2014	2.75	3 June 2014 to 2 June 2015
8,200	7,200	15,400			

The options granted on 3 June 2010 remained outstanding at 30 June 2010. No share options were exercised, forfeited, lapsed or expired in the six months ended 30 June 2010.

The estimated fair value of the options granted on 3 June 2010 was approximately HK$14,210,000 (HK$0.9227 each) of which the Group recognised a share option expense of approximately HK$120,000 for the six months ended 30 June 2010 (2009: Nil).

The fair value of equity-settled share options granted was estimated as at the date of grant by using the binomial option pricing model and taking into account the terms and conditions (except vesting conditions other than market conditions) upon which the options were granted. No other feature of the options granted was incorporated into the measurement of fair value. The major inputs used in the measurement of the fair value at the grant date of the options are as follows:

Expected volatility	36.09%
Risk-free interest rate	1.594%
Expected dividend yield	0%

Expected volatility was estimated by using the historical volatility of the Company's share price for the past 30 days before the grant date. Risk-free interest rate was determined by using the average yield of the Hong Kong Exchange Fund Notes of comparable term.

Notes to the Condensed Consolidated Financial Information

15. Share-based payment transactions (Continued)

Binominal option pricing model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitations of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

16. Special capital reserve

In relation to the capital reorganisation as confirmed by the high court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking ("Undertaking") for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (the "Special Reserve"):

- All retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);

- Any recovery in excess of the written down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and

- An amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 30 June 2010, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to approximately HK$72,848,000.

17. Bank borrowings

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
	HK$'000	*HK$'000*
Amount due within one year and included under current liabilities	**455,148**	368,371
Amount due after one year	**564,000**	641,573
Total bank borrowings	**1,019,148**	1,009,944
Bank borrowings are repayable as follows:		
- Within 1 year	**455,148**	368,371
- Between 1 and 2 years	**144,900**	152,273
- Between 2 and 5 years	**294,300**	243,000
- Repayable within 5 years	**894,348**	763,644
- Over 5 years	**124,800**	246,300
	1,019,148	1,009,944

Notes to the Condensed Consolidated Financial Information

18. Trade and bills payables

The aging analysis of the trade payables is as follows:

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	HK$'000	***%***	*HK$'000*	*%*
Trade payables				
Less than 6 months	**526,412**	**98**	305,292	97
6 months – 1 year	**2,913**	**1**	7,766	2
Over 1 year	**4,505**	**1**	977	1
	533,830	**100**	314,035	100
Trade payables under endorsed bills	**420,383**		202,656	
Bills payables	**22,800**		-	
	977,013		516,691	

As at 30 June 2010, the Group's trade payables included a trade payable of HK$134,884,000 (2009: HK$29,541,000), which was due to a related company of the Group.

OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to maintain a high standard of corporate governance practices by emphasising a quality board of directors, sound internal controls, transparency and accountability to all the shareholders of the Company.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period of the six months ended 30 June 2010.

Audit Committee

The audit committee of the Company comprises three independent non-executive directors, namely Mr. Li Dongsheng, Mr. Ting Leung Huel, Stephen and Mr. Loong Ping Kwan and two non-executive directors, namely Mr. Zong Qingsheng and Mr. Xu Jiqing. Mr. Ting Leung Huel, Stephen is the chairman of the audit committee. The principal duties of the audit committee include the review and supervision of the financial reporting process and internal control system of the Group. The audit committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2010.

Securities Transactions by Directors

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry with all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct during the six months ended 30 June 2010.

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 six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is also published on the website of the Company at www.minmetalsresources.com. The Interim Report 2010 of the Company will be despatched to the shareholders and will be available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company respectively in due course.

By order of the Board
Minmetals Resources Limited
Hao Chuanfu
Executive Director and President

Hong Kong, 24 August 2010

As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which two are executive directors, namely Mr. Hao Chuanfu and Mr. Zhan Wei; six are non-executive directors, namely Mr. Li Fuli (Chairman), Ms. Shen Ling, Mr. Wang Lixin, Mr. Zong Qingsheng, Mr. Xu Jiqing and Mr. Li Liangang; and three are independent non-executive directors, namely Mr. Li Dongsheng, Mr. Ting Leung Huel, Stephen and Mr. Loong Ping Kwan.