五礦建設有限公司 *
MINMETALS LAND LIMITED

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

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

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 (the "Group") for the six months ended 30 June 2010 together with the comparative figures of the corresponding period in 2009.

Condensed Consolidated Income Statement
For the six months ended 30 June 2010

		Unaudited	
		Six months ended 30 June	
		2010	2009
	Note	**HK$'000**	HK$'000
Revenue	*3*	**393,976**	378,053
Cost of sales	*4*	**(287,007)**	(322,367)
Gross profit		**106,969**	55,686
Other gains	*5*	**10,219**	4,062
Fair value gain on investment properties		**20,000**	20,000
Selling and distribution costs	*4*	**(14,343)**	(5,179)
Administrative expenses	*4*	**(51,535)**	(33,030)
Operating profit		**71,310**	41,539
Finance income		**6,783**	6,576
Finance costs		**(25)**	(156)
Share of results of an associated company		**(523)**	—
Profit before tax		**77,545**	47,959
Tax charge	*6*	**(18,965)**	(1,931)
Profit for the period		**58,580**	46,028
Attributable to:			
Equity holders of the Company		**53,891**	40,961
Non-controlling interests		**4,689**	5,067
		58,580	46,028
Earnings per share for profit attributable to equity holders of the Company during the period *(expressed in HK cents per share)*			
Basic	*7*	**1.97**	3.67
Diluted	*7*	**1.96**	3.67
Dividends	*8*	**—**	—

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2010

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Profit for the period	**58,580**	46,028
Other comprehensive (expense)/income		
Fair value losses of available-for-sale financial assets	**(133,673)**	–
Currency translation differences	**17,518**	14,081
	(116,155)	14,081
Total comprehensive (expense)/income for the period	**(57,575)**	60,109
Attributable to:		
Equity holders of the Company	**(70,321)**	52,170
Non-controlling interests	**12,746**	7,939
	(57,575)	60,109

Condensed Consolidated Balance Sheet

As at 30 June 2010

	Note	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**78,903**	78,134
Investment properties		**956,739**	936,739
Goodwill		**11,462**	11,365
Interest in an associated company		**75,915**	—
Available-for-sale financial assets		**497,815**	631,488
Deferred tax assets		**7,193**	7,132
		1,628,027	1,664,858
Current assets			
Inventories		**2,684,901**	2,393,361
Trade receivables	*9*	**286,055**	231,783
Prepayment and other receivables		**485,252**	92,442
Gross amounts due from customers for contract work		**1,910**	2,976
Cash and bank deposits, restricted		**12,594**	84,217
Cash and bank deposits, unrestricted		**2,598,660**	2,394,350
		6,069,372	5,199,129
Total assets		**7,697,399**	6,863,987
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**273,279**	273,279
Reserves		**4,076,830**	4,146,379
		4,350,109	4,419,658
Non-controlling interests		**403,562**	314,673
Total equity		**4,753,671**	4,734,331

Condensed Consolidated Balance Sheet (Con't)
As at 30 June 2010

	Note	**Unaudited 30 June 2010 HK$'000**	Audited 31 December 2009 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**812,956**	602,405
Deferred tax liabilities		**7,069**	7,069
Other liabilities		**11,201**	4,678
		831,226	614,152
Current liabilities			
Trade payables	*10*	**361,986**	306,576
Accrued liabilities and other payables		**390,606**	391,758
Deferred revenue		**485,627**	41,197
Current tax payable		**43,899**	57,089
Borrowings		**830,384**	718,884
		2,112,502	1,515,504
Total liabilities		**2,943,728**	2,129,656
Total equity and liabilities		**7,697,399**	6,863,987
Net current assets		**3,956,870**	3,683,625
Total assets less current liabilities		**5,584,897**	5,348,483

Notes :

1. Organisation and operations

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. Hong Kong and Macau, and The People's Republic of China (other than Hong Kong and Macau) (the "PRC") are the major markets for all the Group's businesses.

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

This condensed consolidated financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. This condensed consolidated financial information was approved for issue by the board of Directors of the Company on 25 August 2010.

2. Basis of preparation and accounting policies

This condensed consolidated financial information for the six months ended 30 June 2010 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 ("HKICPA"). It should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2009, except that the Group has adopted the following revised standards and amendments to standards issued by the HKICPA as set out below which are relevant to its operations and mandatory for the financial year ending 31 December 2010.

Revised standards and amendments effective in 2010

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments

The adoption of the above revised standards and amendments did not have effect on the condensed consolidated interim financial information or result in any changes in the Group's significant accounting policies except as described below:

HKAS 17 (Amendment), "Leases". It deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

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

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

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

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

The change in accounting policy has no financial impact on the condensed consolidated interim financial information.

3. Segment information

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports as follows:

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

For the six months ended 30 June (unaudited)	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue										
Sales to external customers	**158,208**	273,572	**211,811**	81,049	**23,957**	23,432	**–**	–	**393,976**	378,053
Results										
Segment results	**36,283**	13,753	**16,389**	4,636	**39,273**	41,158	**5,755**	–	**97,700**	59,547
Unallocated corporate expenses, net									**(26,390)**	(18,008)
Operating profit									**71,310**	41,539
Finance income									**6,783**	6,576
Finance costs									**(25)**	(156)
Share of results of an associated company	**(523)**	–	**–**	–	**–**	–	**–**	–	**(523)**	–
Tax charge									**(18,965)**	(1,931)
Profit for the period									**58,580**	46,028

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	30 June 2010	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**4,217,235**	2,887,905	**366,871**	285,359	**1,321,870**	1,055,240	**503,604**	631,488	**6,409,580**	4,859,992
Unallocated corporate assets									**1,287,819**	2,003,995
Total assets									**7,697,399**	6,863,987

4. Expenses by nature

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Advertising and other promotional costs	**14,343**	5,179
Amortisation of land lease premium	**206**	206
Cost of specialised construction (note)	**186,375**	76,707
Cost of properties sold (note)	**96,993**	241,859
Depreciation	**2,363**	1,921
Direct outgoings arising from investment properties that generated rental income	**3,639**	3,801
Employee benefit expense, including directors' emoluments	**27,334**	21,879
Legal and professional fees	**3,978**	2,319
Operating lease charges – minimum lease payment in respect of land and buildings	**2,464**	2,330
Reversal of provision for impairment of receivables	**–**	(6,335)
Others	**15,190**	10,710
Total of cost of sales, selling and distribution costs and administrative expenses	**352,885**	360,576

Note: Included in cost of specialised construction and cost of properties sold are staff cost of HK$5,279,000 and HK$410,000 respectively (30 June 2009: HK$1,214,000 and HK$1,849,000 respectively).

5. Other gains

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Dividend income received	**5,762**	–
Refund of building management fee	**–**	1,772
Net foreign exchange gain	**4,028**	1,975
Others	**429**	315
	10,219	4,062

6. **Tax charge**

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the period (30 June 2009: Nil). PRC enterprise income tax has been calculated on the estimated assessable profit for the period derived in the PRC at the rates ranging from 22% to 25% (30 June 2009: 20% to 25%).

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

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Current tax – PRC		
Enterprise income tax	**13,355**	1,715
Land appreciation tax	**5,610**	–
Deferred tax	–	216
Tax charge	**18,965**	1,931

7. **Earnings per share**

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

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

	Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares in issue (thousands)	**2,732,787**	1,116,909
Adjustment for share options (thousands)	**10,715**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,743,502**	1,116,909
Profit attributable to equity holders (HK$'000)	**53,891**	40,961
Basic earnings per share (HK cents)	**1.97**	3.67
Diluted earnings per share (HK cents)	**1.96**	3.67

8. **Dividends**

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

9. Trade receivables

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

	30 June 2010 HK$'000	31 December 2009 HK$'000
0 to 90 days	**168,104**	94,437
91 to 180 days	**18,601**	62,658
181 days to 1 year	**37,687**	11,852
1 year to 2 years	**25,335**	55,178
Over 2 years	**37,543**	8,863
	287,270	232,988
Less: provision for impairment of receivables	**(1,215)**	(1,205)
	286,055	231,783

For the period ended 30 June 2010, no credit period is granted by the Group to the customers for trade and contract receivables.

10. Trade payables

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

	30 June 2010 HK$'000	31 December 2009 HK$'000
0 to 90 days	**110,065**	166,358
91 to 180 days	**16,526**	44,069
181 days to 1 year	**179,715**	11,730
1 year to 2 years	**20,837**	64,566
Over 2 years	**34,843**	19,853
	361,986	306,576

11. Capital commitments

	30 June 2010 HK$'000	31 December 2009 HK$'000
Contracted but not provided for in relation to real estate development	**878,410**	310,967

In January 2010, the Group, together with a joint venture partner (the "Joint Partners"), have entered into a co-operation agreement with a co-organiser in relation to the preparation of a piece of land located in Xianghe County, Langfang City of Hebei Province, the PRC. The land has a site area of ranging from an initial phase of approximately 20 hectares to a total of approximately 534 hectares. The total consideration payable by the Joint Partners in obtaining the land may range from approximately HK$303 million to approximately HK$5,922 million, subject to adjustment, depending on the site areas which could be obtained by the co-organiser designated by the government of Hebei Province.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is the sole listed real estate flagship of the China Minmetals Group in Hong Kong, focusing on three synergistic core businesses with quality assets and operations, namely real estate development, specialised construction and property investment.

During the six months ended 30 June 2010, the Group recorded consolidated revenue of approximately HK$394.0 million, representing an increase of 4.2% over the comparative figure of approximately HK$378.1 million for the corresponding period last year. This was mainly attributable to higher revenue recorded by the operating segment of specialised construction during the period under review.

Increase in profit attributable to equity holders of the Group was higher, by 31.5% to approximately HK$53.9 million for the six months ended 30 June 2010 (30 June 2009: approximately HK$41.0 million). Excluding fair value gain on investment properties of HK$20.0 million (30 June 2009: HK$20.0 million), profit attributable to equity holders of the Group during the period under review was approximately HK$33.9 million as compared to approximately HK$21.0 million for the same period last year, due to higher contribution from the operating segments of both real estate development and specialised construction. Basic earnings per share for the six months ended 30 June 2010 declined by 46.3% year-on-year to HK1.97 cents (30 June 2009: HK3.67 cents), as a result of an expanded share capital base of the Company.

Following the rights issue and placement of new shares consummated in 2009, the financial resources of the Group has been significantly augmented, as evidenced by the increase in the Group's total asset value. As at 30 June 2010, total assets of the Group amounted to approximately HK$7,697.4 million, up from approximately HK$6,864.0 million as of 31 December 2009. More significant movement was the change in deferred revenue which increased by approximately HK$444.4 million from 31 December 2009 to 30 June 2010 as a result of encouraging results from the pre-sale of real estate development projects. Such deferred revenue will be recognised as the Group's income when properties are delivered to buyers.

The board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

The table below sets out total revenue and total results of the Group by operating segments for the six months ended 30 June 2010, together with the comparative figures for the corresponding period last year.

TOTAL REVENUE AND TOTAL RESULTS BY OPERATING SEGMENTS

TOTAL REVENUE BY OPERATING SEGMENTS

	Six months ended 30 June				**Year-on-year Change**
	2010		2009		
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**158.2**	**40.1**	273.6	72.4	**-42.2**
Specialised construction	**211.8**	**53.8**	81.1	21.4	**+161.2**
Property investment	**24.0**	**6.1**	23.4	6.2	**+2.6**
Total revenue	**394.0**	**100.0**	378.1	100.0	**+4.2**

TOTAL RESULTS BY OPERATING SEGMENTS

	Six months ended 30 June				Year-on-year Change
	2010		2009		
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**36.3**	**37.2**	13.7	23.0	**+165.0**
Specialised construction	**16.4**	**16.8**	4.6	7.7	**+256.5**
Property investment (Note)	**39.3**	**40.2**	41.2	69.3	**-4.6**
Securities investment	**5.7**	**5.8**	—	—	**N/A**
Total segment profit	**97.7**	**100.0**	59.5	100.0	**+64.2**

Note: including fair value gain on investment properties of HK$20.0 million for the six months ended 30 June 2010 (30 June 2009: HK$20.0 million)

REAL ESTATE DEVELOPMENT

During the six months ended 30 June 2010, the Group's portfolio of real estate development projects comprises three projects in two provinces in the PRC. The position of the Group in these real estate development projects as of 30 June 2010 is summarised in the table below.

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

Revenue from this operating segment for the six months ended 30 June 2010 was approximately HK$158.2 million (30 June 2009: approximately HK$273.6 million) representing a decrease of 42.2%. The reduction was correlated to the completion and delivery schedules of real estate development projects as comparatively fewer pre-sold units of Laguna Bay and Part I of Phase I of LOHAS International Community were delivered during the period under review. In contrast, profit generated by this operating segment was proportionately higher during the period due to different mix of property types was completed and also as a result of better cost management on real estate development projects.

The first half of 2010 saw dramatic movements in the PRC property market, with the announcement in April 2010 of control measures and the tightening of credit policy against real estate development and speculation on real estate had dampened sentiment, reduced transaction volumes and checked prices at the same time. Investors and potential purchasers had reacted by adopting a wait-and-see attitude while some loose hands and speculators had decided to leave the scene sending property prices down, and in certain major cities certain transactions were recorded at substantially corrected prices. The Group's marketing programme of the existing units in Laguna Bay and LOHAS International Community and the debut of the Riveria Royale project had also been affected to a certain extent in the second quarter of 2010, although the realised sales results are still better than original budgets which are conservatively complied.

The Group will continue to closely monitor market developments and consumer inclination to ascertain on the timing and pricing of the upcoming marketing campaigns, at the same time remain vigilant for any further acquisition opportunity.

Laguna Bay

This 71% owned residential project is located in Nanjing, Jiangsu Province with a gross floor area of approximately 317,089 square metres. This project is developed in three phases comprising villas, high-rise and low-rise units. Pre-sale of units first commenced in October 2007 and during the six months ended 30 June 2010, a total of 17 units totaling 4,909 square metres had been completed and delivered, and sales proceeds of approximately HK$55.1 million relating to this project had been recognised as revenue of this project. The Group is confident that the location and quality of this real estate development project shall enable it to command suitable market reception and response in the future phases of pre-sale.

	Total gross floor area (square metres)		
	Total	**Pre-sold but not yet delivered as at 30 June 2010**	**Delivered in the first half of 2010**
Phase I	84,006	—	199
Phase II	50,899	—	4,710
Phase III	182,184	32,742	—
Total	317,089	32,742	4,909

Riveria Royale

The Group has a 50.89% interest in this residential project which is located in Nanjing of the Jiangsu Province. This project is planned for development into approximately 225,449 square metres of gross floor area comprising condominium units and villas, plus a portion of commercial space. The first pre-sale was launched in May 2010 with satisfactory results. As of 30 June 2010, total gross floor area of approximately 11,997 square metres had been pre-sold, generating contract sum of approximately HK$228.2 million.

LOHAS International Community

The Group's interests in this residential project remained at 51% as of 30 June 2010, which will be raised to 100% upon completion of the acquisition of the remaining 49% interest in this project and the entire interests in Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd. and Hunan Zhongrun Chengzhen Real Estate Co., Ltd. from one of the subsidiaries of China Minmetals. This project is located in Changsha City in the Hunan Province with a site area of approximately 632,837 square metres. It is a large scale residential development spreading in five phases with ancillary facilities including clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden. This project will provide a gross floor area of approximately 1,064,579 square metres, including approximately 857,116 square metres for residential development; approximately 13,962 square metres for commercial space and approximately 3,500 car parking spaces.

During the six months ended 30 June 2010, pre-sold units amounting to 18,795 square metres had been completed and delivered and sales proceeds of approximately HK$103.1 million had been recognised. This project is expected to be completed in 2013.

	Total gross floor area (square metres)		
	Total	Pre-sold but not yet delivered as at 30 June 2010	Delivered in the first half of 2010
Phase I (Part I)	74,708	—	18,795
Phase I (Part II)	66,778	15,707	—
Phase II to Phase V	923,093	—	—
Total	1,064,579	15,707	18,795

SPECIALISED CONSTRUCTION

This operating segment is engaged in the specialised construction business in the form of design and installation of curtain walls, through two wholly-owned subsidiaries, namely Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd. ("SJQ") in the PRC and Condo (Hong Kong) Decoration Engineering Company Limited ("Condo HK") in Hong Kong and Macau markets. Total revenue recorded by this operating segment during the period under review increased by 161.2% to approximately HK$211.8 million (30 June 2009: approximately HK$81.1 million) mainly as a result of higher total value of works completed and realised in Shanghai.

SJQ

The first half of 2010 saw a significant level of construction works completed in Shanghai in relation to the Expo event, which had benefited SJQ's revenue and profitability. For the period under review, gross revenue recorded by SJQ was approximately HK$204.0 million as compared to approximately HK$76.6 million in the corresponding period last year, which was inclusive of approximately HK$7.2 million worth of transactions generated from group companies (30 June 2009: approximately HK$7.7 million). Since the economic activities in the greater Shanghai region are expected to remain robust in the near future which should have a direct bearing on the business environment in which SJQ is operating, the business outlook for SJQ remains cautiously optimistic.

Condo HK

For the six months ended 30 June 2010, Condo HK's revenue grew by 25% to approximately HK$15.0 million as compared to approximately HK$12.0 million in the corresponding period last year. Condo HK has established a network of relationships within the construction industry in Hong Kong which would open opportunities for its participation in major infrastructure and building projects in the future.

PROPERTY INVESTMENT

In the first half of 2010, the Group's property investment business encompassed primarily the leasing of the office and commercial space of the ONFEM Tower and the China Minmetals Tower. ONFEM Tower is a 25-storey commercial building located in the Central District on the Hong Kong Island, whereas China Minmetals Tower is a 20-storey office and commercial building located in Tsimshatsui in Kowloon.

Rental revenue from this operating segment increased by 2.6% year-on-year to approximately HK$24.0 million for the period under review (30 June 2009: approximately HK$23.4 million), as a result of both a higher average rental level and occupancy level achieved. As at 30 June 2010, the overall occupancy rate for the ONFEM Tower and the China Minmetals Tower were 97.3% and 88.7% respectively (31 December 2009: 94.5% and 82.7%) .

Since the beginning of 2010, the overall office market in Hong Kong has already shown signs of general recovery due to the steady economic growth spurring demand for commercial space, and the relatively limited new supply moving the equilibrium to the landlords' favour. Capital value of commercial properties in Hong Kong has also been boosted by investment demand as relatively low interest rates have encouraged investors to search for better than bank deposit returns such as property investment. Comparatively, the pick up was more apparent in the Central area as new developments in the Kowloon area had embarked on an aggressive marketing campaign somewhat neutralising the upward momentum. Such trends are likely to prevail into the second half of 2010, leading to a more robust outlook in Central, whereas the Kowloon office market will remain relatively more competitive.

Favorable market conditions were evidenced by the fair value gain on investment properties recorded by the Group of HK$20.0 million during the period under review (30 June 2009: HK$20.0 million). According to certain market reports published by leading property valuers, office rents in Hong Kong core areas may experience further improvements as reasonably strong demand coupled with limited new supply are expected to bring down vacancy levels and driving rentals upwards. This operating segment is also in search of measures to improve on the overall value and returns of the Group's investment property portfolio, at the same time reviewing measures and mechanism to reduce costs.

OUTLOOK

The first half of 2010 was characterised by the transition of the Chinese economy from a state of inactivity to overheating, culminating to the introduction since April 2010 a series of austerity measures aiming to put the economy and consequently the property market on track. A combination of administrative controls and tightened credit policy, promulgated as a result of rampant inflation pressure, had had the expected implications on capital intensive industries like the real estate market, with overall volume of sales and prices achieved both trending downwards since the second quarter of 2010. The market correction was most noticeable in major cities where price increases were more apparent previously, impacting both the primary and second hand markets at the same time. In spite of the fact that low interest rate environment and ample liquidity in the economy has provided the impetus and initial signs of recovery in some areas recently, there is no clear indication of a continual recovery of the property market in China.

Amidst an overall market environment which was extremely challenging for property developers, the Group promptly adopted a more conservative approach in response to the changing market conditions. The Group had recorded encouraging results from the marketing campaigns of Phase III of the Laguna Bay and the Riveria Royale projects. As at 22 August 2010, the total contract sum of unit pre-sold but not yet delivered amounted to approximately HK$1,087.0 million, covering a total gross floor area of approximately 85,240 square metres. While the booking of the contracted sales will be dependent on the actual completion and delivery schedules of the projects, such market reception is testimony of the projects' quality and its brand awareness, giving the Group the confidence for the medium to longer term outlook for this operating segment.

It should also be noted that the focus of the Group's real estate development projects is in core second tier cities such as Changsha and Nanjing where the property market correction is comparatively less severe. The Group is also able to capitalise on the experience of our dedicated management team and leveraging on the strong brand name of China Minmetals, our controlling shareholder, to employ effective and pertinent marketing strategies for the Group's real estate development business. Furthermore, with the strong support of China Minmetals, the Group was able to acquire new real estate sites at attractive prices during the market correction. It has laid the platform for the Group in achieving better economies of scale and lower cost base which will provide the foundation for earnings growth in the future. With significantly enhanced financial resources, the Group will be well equipped to actively search for additional development and acquisition opportunities in the future.

The Group has timely expanded its financial resources in the previous year with rights issue and placements which collectively raised approximately HK$1,905.9 million. The Group's financial position has been enhanced considerably allowing it not only to withstand the current market correction, but also enable it to take advantage of any acquisition and development opportunities that may arise.

In order to sustain business growth, the Group continues to adopt a proactive and prudent development strategy to further expand its real estate development business. More specifically, as China Minmetal Corporation's sole listed real estate flagship in Hong Kong, the Group will continue to play an active role in the consolidation of the parent company's real estate interests.

The Group's land bank stood at approximately 1,607,000 square metres as of 30 June 2010. Subsequent to the period end, in July 2010, the Group has, together with its joint venture partner, China Vanke Co., Ltd. which is a leading PRC real estate developer, acquired five parcels of residential sites in Xianghe, Hebei Province, measuring in aggregate a site area of approximately 265,000 square metres for a total consideration of approximately RMB318.3 million (approximately HK$363.2 million). These sites will provide a maximum gross floor area of approximately 662,000 square metres. Also in July 2010, another three parcels of land located within the Liaoning (Yingkou) Coastal Base and measure approximately 396,000 square metres were acquired by the Group for a total consideration of approximately RMB360.0 million (approximately HK$410.8 million). These sites will provide a maximum gross floor area of approximately 713,000 square metres. The land acquisitions in Xianghe and Yingkou are another evidence of the Group's pursuit for further expansion in China. Such acquisitions, together with the lands of the last asset injection to be completed, will raise the Company's land bank to approximately 3,694,000 square metres.

Looking forward, projects that have been identified to be attractive will continue to be rigorously pursued by the Group and simultaneously, suitable evaluation procedures and risk assessment will continue to be adopted to ensure healthy and sustainable growth of the Group's real estate portfolio in the future.

The Group views the real estate market in the PRC with cautious optimism. The current low interest rate situation would likely lead the abundant liquidity to find investment opportunities eventually and the real estate market is likely to be benefited from this trend in the medium term. With the support of our controlling shareholder and the combined efforts and innovative ability of our management and staff members, the overall management capabilities and brand value of the Group will be further enhanced, delivering better product quality to customers, higher returns to shareholders and more satisfactory results to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group's operations were financed by funds mainly from cash flows generated from business operations and borrowings from banks.

As at 30 June 2010, cash and bank deposits (excluding restricted cash and pledged deposits) of the Group amounted to HK$2,598.7 million (31 December 2009: HK$2,394.4 million), of which 37.7%, 61.7% and 0.6% (31 December 2009: 15.5%, 69.6% and 14.9%) were denominated in Renminbi, Hong Kong dollar and United States dollar respectively.

To supplement finance the acquisition of new real estate development projects and the development of existing projects, the Group had total borrowings of HK$1,643.3 million as at 30 June 2010 (31 December 2009: HK$1,321.3 million). The total borrowings included borrowings from banks and non-controlling shareholders of subsidiaries of the Group. The Group's gearing ratio was 34.6% as at 30 June 2010 (31 December 2009: 27.9%), calculated by the total borrowings divided by total equity.

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

	30 June 2010 **HK$ million**	31 December 2009 HK$ million
Within one year	**830.4**	718.9
In the second to fifth years	**812.9**	602.4
	1,643.3	1,321.3

As at 30 June 2010, borrowings denominated in Renminbi amounted to RMB521.5 million (approximately HK$598.0 million) (31 December 2009: RMB246.2 million (approximately HK$279.9 million)), while the remaining balance of HK$1,045.3 million (31 December 2009: HK$1,041.4 million) was borrowings denominated in Hong Kong dollar. Borrowings of HK$1,234.9 million are on a floating interest rate basis (31 December 2009: HK$912.9 million). Finance costs charged to the consolidated income statement for the six months ended 30 June 2010 amounted to HK$25,000 (30 June 2009: HK$156,000) after capitalisation of HK$21.5 million (30 June 2009: HK$36.3 million) into the cost of properties under development. The unutilised banking facilities of the Group amounted to HK$429.3 million as at 30 June 2010 (31 December 2009: HK$106.5 million).

Real estate development commitments of the Group as at 30 June 2010 amounted to HK$878.4 million (31 December 2009: HK$311.0 million). These commitments are to be financed by internal funds and borrowings.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollar, the reporting and functional currency of the Company. During the period under review, most of the transactions of the Group were denominated in Hong Kong dollar and Renminbi. As such, the Group has exposure to exchange rate movements between Hong Kong dollar and Renminbi. In spite of the fact that the expected continuing strength of Renminbi would have a positive impact, in Hong Kong dollar terms, on the Group's assets in and income generated from the PRC, the Group had not implemented any hedging or other alternative measures during the six months ended 30 June 2010 but is closely monitoring the aforesaid exchange rate risks. As at 30 June 2010, the Group did not have any exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

CHARGES ON GROUP ASSETS

As at 30 June 2010, certain assets of the Group were pledged as securities for the Group's banking facilities and these pledged assets of the Group included (i) investment properties with carrying amounts of HK$956.7 million (31 December 2009: HK$936.7 million), (ii) properties under development of HK$1,153.5 million (31 December 2009: Nil), (iii) leasehold land and buildings of HK$59.4 million (31 December 2009: HK$59.7 million), and (iv) fixed bank deposits of HK$5.6 million (31 December 2009: HK$73.3 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2010, the Group has provided guarantees to certain banks relating to mortgage facilities arranged for certain purchasers of properties developed by the Group and the outstanding mortgage loans under these guarantees amounted to HK$438.9 million (31 December 2009: HK$410.3 million).

EMPLOYEES

During the period the Group had significantly expanded its work force with total number of staff of 413 as at 30 June 2010 (30 June 2009: 294), including the Directors. Total remuneration and benefits of the Directors and staff of the Group during the six months ended 30 June 2010 were approximately HK$27.3 million (30 June 2009: approximately HK$21.9 million). The Group considers the remuneration policy it has adopted is in line with market practice and standards.

CORPORATE GOVERNANCE

In the opinion of the Directors, throughout the six months period ended 30 June 2010, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations:

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

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

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

    Mr. Sun Xiaomin, the Chairman of the Board and of the remuneration committee, did not attend the Company's annual general meeting for 2010 due to ad hoc business commitment. Accordingly, Mr. He Jianbo, the Managing Director and a member of the remuneration committee, took the chair of the said meeting.

Code for Securities Transactions by Directors

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

Specific enquiry had been made with all Directors who had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the six months period ended 30 June 2010.

REVIEW BY 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 2010, which has also been reviewed by the Company's independent 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.

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 2010.

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors comprises twelve Directors namely, Mr. Sun Xiaomin as the Chairman and a Non-executive Director, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli and Mr. Yang Lu as Executive Directors, Mr. Pan Zhongyi, Mr. Tian Jingqi and Mr. Liu Zeping as Non-executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as Independent Non-executive Directors.

By order of the board
He Jianbo
Managing Director

Hong Kong, 25 August 2010

website: http://www.minmetalsland.com

* *For identification purpose only*