



CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

Interim Report 2009



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Gao Wenxiang (*Chairman*)
Sue Ka Lok (*Chief Executive Officer*)
Chen Shuda
Ng Shin Kwan, Christine
Cao Jian An

Independent Non-executive Directors

Sun Ka Ziang, Henry
Kwok Ming Fai
Wong Yun Kuen

AUDIT COMMITTEE

Sun Ka Ziang, Henry (*Chairman*)
Kwok Ming Fai
Wong Yun Kuen

REMUNERATION COMMITTEE

Kwok Ming Fai (*Chairman*)
Sun Ka Ziang, Henry
Wong Yun Kuen
Sue Ka Lok

COMPANY SECRETARY

Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock code: 263)

REGISTERED OFFICE

Units 2502-5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
Standard Bank Asia Limited
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

PRINCIPAL LEGAL ADVISERS

Richards Butler
P. C. Woo & Co.
Tsang, Chan & Wong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.cytmg.com

MANAGEMENT DISCUSSION AND OUTLOOK

INTERIM RESULTS

The Board is pleased to report that the Group continued to achieve profitable results for the six months ended 30th June, 2009. The profit attributable to owners of the Company amounted to HK\$42,453,000 (2008: HK\$22,516,000), showing a significant increase of 89% compared to the previous period and represents an earnings of HK1.30 cents per share to our shareholders (2008: HK0.71 cent per share). Despite the outbreak of global financial crisis in late 2008 which had to a different extent affected the Group's business, the Group's trading, provision of finance and brokerage and securities investment operations, as well as the jointly controlled entity, all continued to deliver profitable results for the period under review.

BUSINESS REVIEW

Group's Operations

For the first half of 2009, the Group continued to engage in the businesses of trading, provision of finance as well as brokerage and securities investment. The turnover of the Group for the review period was HK\$41,492,000, down by 93% compared to HK\$580,189,000 recorded in the same period last year. The Group's gross profit was HK\$23,470,000, also dropped by 33% compared with HK\$34,964,000 in corresponding period last year. The decreases in the Group's turnover and gross profit were mainly attributable to the lower trading volume of the Group's trading operation during the period.

During the review period, the Group's trading operation continued to focus on trading of iron ore. The results of the operation were adversely affected by the global financial turmoil with turnover and profit dropped significantly by 97% and 96% to HK\$18,261,000 (2008: HK\$555,206,000) and HK\$437,000 (2008: HK\$10,425,000) respectively. Such decreases were owing to drop in demand from our major customers during the first half of 2009 following the outbreak of the global financial crisis, which led to a much lower volume of iron ore was traded when compared to the previous period. The management expects transaction volume of the trading operation will remain low for the remainder of the year.

The interest income and operating profit generated by the financing operation were both decreased by 3% to HK\$20,698,000 (2008: HK\$21,316,000) and HK\$20,755,000 (2008: HK\$21,451,000) respectively. Such slight decreases were mainly due to the lower average lending rate charged to customers when compared to the previous period. It is the Group's policy to regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

The turnover of the Group's brokerage and securities investment operation, being mainly the commission income of the securities brokerage division, was down by 31% to HK\$2,533,000 (2008: HK\$3,667,000). Such decline was mainly a result of the low turnover volume of the Hong Kong stock market during the first quarter of 2009. Nevertheless, despite the decline in the operation's commission income, the operation delivered an overall profit of HK\$30,286,000 (2008: HK\$928,000), increased sharply by 32 times compared with the same period last year. Such sharp increase was primarily attributable to the net gain on investment in securities during the review period amounting to HK\$30,724,000 (2008: HK\$2,000), resulting mainly from the surge in securities prices of the Group's listed securities portfolio since March 2009. At the period end, the market value of the Group's listed securities portfolio amounted to HK\$153,297,000 (at 31st December, 2008: HK\$51,571,000).

MANAGEMENT DISCUSSION AND OUTLOOK *(Continued)*

BUSINESS REVIEW *(Continued)*

Group's Operations *(Continued)*

The operating profit of HK\$901,000 (2008: loss of HK\$886,000) recorded by the Group's minerals operation mainly represented other interest income earned net of administrative expenses incurred during the review period.

New Acquisition

The Group continued to develop its mineral related business during the review period and intended to build a mineral assets portfolio for long term investment. In April 2009, the Group entered into a sale and purchase agreement relating to the acquisition of a group of companies at a consideration of HK\$610 million. Such group of companies possesses a mining right in respect of a mixed metals mine situated in Guangdong Province in the People's Republic of China (the "PRC"), which mainly contains iron ore resources. The acquisition was approved by the shareholders of the Company in July 2009 and is expected to be completed before end of October 2009. The management expects that upon completion of the acquisition, the operation of the mine will contribute positively to the Group's results in the coming years. Details of the transactions are set out in the Company's circular dated 26th June, 2009.

Jointly Controlled Entity

Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao"), the Group's 30% owned jointly controlled entity, continued to deliver profitable results during the review period. Hong Qiao operates an upmarket department store in Shanghai, the PRC. For the period under review, the Group's share of profit of Hong Qiao was HK\$6,446,000, which is at a similar level to that of HK\$6,493,000 in the same period last year. Nonetheless, the turnover of Hong Qiao was dropped by 14% when compared with the previous period to approximately HK\$321 million (2008: HK\$373 million), mainly due to the slowdown of consumer spending in Shanghai. The management expects such slowdown may continue in the second half of 2009 and may post an adverse impact to the overall results of Hong Qiao in 2009.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30th June, 2009, the Group had current assets of HK\$1,446,961,000 (at 31st December, 2008: HK\$1,111,256,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling HK\$300,299,000 (excluding pledged bank deposit and bank balances held under segregated trust accounts) (at 31st December, 2008: HK\$148,481,000). The Group's current ratio, calculated on the basis of current assets of HK\$1,446,961,000 over current liabilities of HK\$163,318,000, was at strong level of 8.9 (at 31st December, 2008: 21.7). As at 30th June, 2009, the Group had no bank and other borrowings (at 31st December, 2008: nil) but a finance lease obligation of HK\$1,246,000 (at 31st December, 2008: HK\$1,581,000).

MANAGEMENT DISCUSSION AND OUTLOOK *(Continued)*

FINANCIAL REVIEW *(Continued)*

Liquidity, Financial Resources and Capital Structure *(Continued)*

The Group issued 681 million new shares during the review period through placements of shares to investors. The newly issued share capital and profit generated by the Group's operations had both contributed to the 19% increase in equity attributable to the Company's owners, which amounted to HK\$1,341,218,000 at the period end (at 31st December, 2008: HK\$1,123,122,000). This is equivalent to a consolidated net asset value of approximately HK\$0.35 per share of the Company (at 31st December, 2008: HK\$0.36 per share). As of the period end date, the Group's gearing ratio calculated on the basis of finance lease obligation of HK\$1,246,000 over total assets of HK\$1,505,268,000 was at low level of 0.1% (at 31st December, 2008: 0.1%).

With the amount of liquid assets on hand as well as credit facilities available to the Group, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi, US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Assets

At 30th June, 2009, a fixed asset of carrying amount of HK\$2,226,000 was pledged as security for the Group's finance lease obligation.

Capital Commitment

At 30th June, 2009, the Group had capital commitment of an amount of HK\$367 million and obligation to issue convertible notes in principal amount of HK\$60 million being the outstanding consideration payable upon completion of the acquisition of the mixed metals mine.

Contingent Liability

A subsidiary of the Company principally engaged in securities brokerage may be subject to a maximum penalty of HK\$10,000,000 to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matters are currently under investigation by the enforcement agency, as the ultimate outcome of the matters cannot be reasonably predicted, the maximum penalty of HK\$10,000,000 is considered as a contingent liability of the Group.

MANAGEMENT DISCUSSION AND OUTLOOK *(Continued)*

EMPLOYEES AND REMUNERATION POLICY

At 30th June, 2009, the Group had about 45 employees. Total staff costs incurred during the period (including directors' remuneration) was HK\$6,784,000, representing an increase of 7% compared to HK\$6,345,000 as recorded in the same period last year. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, provident fund scheme, share options, training subsidies as well as medical insurance.

BUSINESS PROSPECTS

Despite the outbreak of global financial crisis in late 2008 which had to a different extent affected the Group's business, the Group's operations in trading of iron ore, provision of finance, brokerage and securities investment, as well as its jointly controlled entity, all continued to deliver profitable results during the review period. In addition, upon completion of the acquisition of the mixed metals mine, the management expects that the operation of the mine will contribute positively to the Group's results in the coming years. The Group has a strong capital structure and has sufficient financial resources to support the development of its existing businesses. There are signs that adverse impact of the global financial turmoil is gradually fading away and that there are signals of recovery in major global economies. Nevertheless, the Group will continue to adopt a prudent approach in managing its existing businesses and in seizing new investment opportunities to ensure a stable prospect for shareholders.



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Certified Public Accountants

**REPORT ON REVIEW ON INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial statements set out on pages 8 to 27, which comprise the condensed consolidated statement of financial position of China Yunnan Tin Minerals Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of this interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng

*Chartered Accountants
Certified Public Accountants*

Hong Kong, 23rd September, 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2009

| | Notes | Six months ended 30th June, | |
|--|-------|---------------------------------|---------------------------------|
| | | 2009 HK\$'000 (unaudited) | 2008 HK\$'000 (unaudited) |
| Turnover | 3 | 41,492 | 580,189 |
| Cost of sales | | <u>(18,022)</u> | <u>(545,225)</u> |
| Gross profit | | 23,470 | 34,964 |
| Net gain on financial assets at fair value through profit or loss | 5 | 30,724 | 2 |
| Other income | 5 | 6,285 | 3,899 |
| Administrative expenses | | (23,526) | (20,372) |
| Finance costs | | (56) | (2,182) |
| Share of profit of a jointly controlled entity | | <u>6,446</u> | <u>6,493</u> |
| Profit before taxation | | 43,343 | 22,804 |
| Income tax expense | 4 | <u>(890)</u> | <u>(670)</u> |
| Profit for the period | 5 | <u><u>42,453</u></u> | <u><u>22,134</u></u> |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 42,453 | 22,516 |
| Non-controlling interests | | <u>–</u> | <u>(382)</u> |
| | | <u><u>42,453</u></u> | <u><u>22,134</u></u> |
| Earnings per share | 7 | | |
| Basic and diluted (HK cent(s) per share) | | <u><u>1.30</u></u> | <u><u>0.71</u></u> |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

| | Six months ended 30th June, | |
|--|------------------------------------|---------------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Profit for the period | <u>42,453</u> | <u>22,134</u> |
| Other comprehensive income | | |
| Exchange differences arising on translation of overseas operations | 400 | 3,438 |
| Share of translation reserve of a jointly controlled entity | (10) | 3,141 |
| Fair value change in available-for-sale financial assets | <u>2,831</u> | <u>(23,036)</u> |
| Other comprehensive income for the period (net of tax) | <u>3,221</u> | <u>(16,457)</u> |
| Total comprehensive income for the period | <u><u>45,674</u></u> | <u><u>5,677</u></u> |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 45,674 | 6,059 |
| Non-controlling interests | <u>—</u> | <u>(382)</u> |
| | <u><u>45,674</u></u> | <u><u>5,677</u></u> |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2009

| | Notes | As at 30th June, 2009 HK\$'000 (unaudited) | As at 31st December, 2008 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 7,830 | 9,050 |
| Interest in a jointly controlled entity | | 39,755 | 47,886 |
| Available-for-sale financial assets | 9 | 8,492 | 4,823 |
| Other assets | 10 | 2,230 | 2,230 |
| Trading right | | – | 50 |
| | | <u>58,307</u> | <u>64,039</u> |
| Current assets | | | |
| Trade and other receivables | 11 | 638,504 | 552,499 |
| Bills receivable | 11 | 365 | 27,593 |
| Financial assets at fair value through profit or loss | 12 | 153,297 | 51,571 |
| Short-term loans receivable | | 372,916 | 360,524 |
| Tax recoverable | | 244 | – |
| Pledged bank deposit | 13 | – | 19,500 |
| Bank balances held under segregated trust accounts | 14 | 134,633 | 2,659 |
| Bank balances and cash | | 147,002 | 96,910 |
| | | <u>1,446,961</u> | <u>1,111,256</u> |
| Current liabilities | | | |
| Trade and other payables | 15 | 152,429 | 9,690 |
| Bills payable | 15 | 347 | 27,144 |
| Tax payable | | 717 | 4,508 |
| Finance lease obligation – due within one year | | 575 | 575 |
| Provision | 16 | 9,250 | 9,250 |
| | | <u>163,318</u> | <u>51,167</u> |
| Net current assets | | <u>1,283,643</u> | <u>1,060,089</u> |
| Total assets less current liabilities | | <u>1,341,950</u> | <u>1,124,128</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 61 | – |
| Finance lease obligation – due after one year | | 671 | 1,006 |
| | | <u>732</u> | <u>1,006</u> |
| Net assets | | <u>1,341,218</u> | <u>1,123,122</u> |
| Capital and reserves | | | |
| Share capital | 17 | 384,108 | 316,008 |
| Reserves | | 957,110 | 807,114 |
| Total equity | | <u>1,341,218</u> | <u>1,123,122</u> |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

| | Attributable to owners of the Company | | | | | | | | | |
|--|---------------------------------------|---------------|---------------------|---|----------------------------------|----------------------|--------------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Translation reserve | Available-for-sale financial assets reserve | Convertible notes equity reserve | Share option reserve | Accumulated losses | Total | Non-controlling interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1st January, 2008 | 259,968 | 781,666 | 7,038 | - | 18,493 | 53,403 | (145,146) | 975,422 | - | 975,422 |
| Profit/(loss) for the period | - | - | - | - | - | - | 22,516 | 22,516 | (382) | 22,134 |
| Exchange differences arising on translation of overseas operations | - | - | 3,438 | - | - | - | - | 3,438 | - | 3,438 |
| Share of translation reserve of a jointly controlled entity | - | - | 3,141 | - | - | - | - | 3,141 | - | 3,141 |
| Fair value change in available-for-sale financial assets | - | - | - | (23,036) | - | - | - | (23,036) | - | (23,036) |
| Total comprehensive income for the period | - | - | 6,579 | (23,036) | - | - | 22,516 | 6,059 | (382) | 5,677 |
| Issue of shares | 45,000 | 171,750 | - | - | - | - | - | 216,750 | - | 216,750 |
| Transaction costs attributable to issue of shares | - | (1,973) | - | - | - | - | - | (1,973) | - | (1,973) |
| Issue of shares on exercise of share options | 40 | 112 | - | - | - | - | - | 152 | - | 152 |
| Transfer of share option reserve to share premium upon exercise of share options | - | 37 | - | - | - | (37) | - | - | - | - |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | 510,293 | 510,293 |
| Reversal of deferred tax liability on conversion of convertible notes | - | - | - | - | 3,654 | - | - | 3,654 | - | 3,654 |
| Conversion of convertible notes | 36,000 | 54,030 | - | - | (22,147) | - | - | 67,883 | - | 67,883 |
| Lapse of share options | - | - | - | - | - | (60) | 60 | - | - | - |
| At 30th June, 2008 | 341,008 | 1,005,622 | 13,617 | (23,036) | - | 53,306 | (122,570) | 1,267,947 | 509,911 | 1,777,858 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30th June, 2009

| | Attributable to owners of the Company | | | | | | | | | |
|--|---------------------------------------|------------------|---------------------|---|----------------------------------|----------------------|--------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Translation reserve | Available-for-sale financial assets reserve | Convertible notes equity reserve | Share option reserve | Accumulated losses | Total | Non-controlling interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Loss for the period | - | - | - | - | - | - | (9,601) | (9,601) | (95) | (9,696) |
| Exchange differences arising on translation of overseas operations | - | - | (15,033) | - | - | - | - | (15,033) | - | (15,033) |
| Share of translation reserve of a jointly controlled entity | - | - | (1,110) | - | - | - | - | (1,110) | - | (1,110) |
| Fair value change in available-for-sale financial assets | - | - | - | (10,331) | - | - | - | (10,331) | - | (10,331) |
| Total comprehensive income for the period | - | - | (16,143) | (10,331) | - | - | (9,601) | (36,075) | (95) | (36,170) |
| Rescission of an agreement for acquisition of subsidiaries | - | - | - | - | - | - | - | - | (509,816) | (509,816) |
| Capital reduction | (25,000) | (83,750) | - | - | - | - | - | (108,750) | - | (108,750) |
| Lapse of share options | - | - | - | - | - | (26) | 26 | - | - | - |
| At 31st December, 2008 | 316,008 | 921,872 | (2,526) | (33,367) | - | 53,280 | (132,145) | 1,123,122 | - | 1,123,122 |
| Profit for the period | - | - | - | - | - | - | 42,453 | 42,453 | - | 42,453 |
| Exchange differences arising on translation of overseas operations | - | - | 400 | - | - | - | - | 400 | - | 400 |
| Share of translation reserve of a jointly controlled entity | - | - | (10) | - | - | - | - | (10) | - | (10) |
| Fair value change in available-for-sale financial assets | - | - | - | 2,831 | - | - | - | 2,831 | - | 2,831 |
| Total comprehensive income for the period | - | - | 390 | 2,831 | - | - | 42,453 | 45,674 | - | 45,674 |
| Issue of shares | 68,100 | 108,630 | - | - | - | - | - | 176,730 | - | 176,730 |
| Transaction costs attributable to issue of shares | - | (4,308) | - | - | - | - | - | (4,308) | - | (4,308) |
| Lapse of share options | - | - | - | - | - | (104) | 104 | - | - | - |
| At 30th June, 2009 | 384,108 | 1,026,194 | (2,136) | (30,536) | - | 53,176 | (89,588) | 1,341,218 | - | 1,341,218 |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2009

| | Six months ended 30th June, | |
|--|------------------------------------|--------------------|
| | 2009 | 2008 |
| <i>Notes</i> | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Net cash used in operating activities | (66,820) | (59,373) |
| Net cash used in investing activities | | |
| Dividend received from a jointly controlled entity | 14,124 | – |
| Net cash inflow from rescission of an agreement for acquisition of subsidiaries | 80,000 | – |
| Net cash outflow in respect of purchase of property, plant and equipment | 8 (920) | – |
| Proceeds from disposal of subsidiaries | 15,000 | 50,000 |
| Decrease/(increase) in pledged bank deposit | 19,500 | (19,500) |
| Deposit paid for acquisition of investment | 11(a) (183,000) | – |
| Net cash outflow in respect of acquisition of subsidiaries | – | (183,707) |
| Purchase of property, plant and equipment | 8 (19) | (8,380) |
| Others | 134 | 1,261 |
| | (55,181) | (160,326) |
| Net cash generated from financing activities | | |
| Repayment of finance lease obligation | (335) | (479) |
| Proceeds from issue of shares (net of share issue expenses paid) | 172,422 | 58,141 |
| Proceeds from issue of shares on exercise of share options | – | 152 |
| Repayment of borrowings | – | (50,000) |
| | 172,087 | 7,814 |
| Net increase/(decrease) in cash and cash equivalents | 50,086 | (211,885) |
| Cash and cash equivalents at beginning of the period | 96,910 | 307,582 |
| Effect of foreign exchange rate changes | 6 | 4 |
| Cash and cash equivalents at end of the period, represented by bank balances and cash | 147,002 | 95,701 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual report of China Yunnan Tin Minerals Group Company Limited (the “Company”) for the year ended 31st December, 2008.

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, the following new or revised standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st January, 2009.

The applicable new HKFRSs adopted in this interim financial report are set out below:

| | |
|--|--|
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009 |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 to HKAS 39 |
| HKAS 1 (Revised) | Presentation of Financial Statements |
| HKAS 23 (Revised) | Borrowing Costs |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations |
| HKFRS 7 (Amendment) | Improving Disclosures about Financial Instruments |
| HKFRS 8 | Operating Segments |
| HK(IFRIC) – Int 9 & HKAS 39 (Amendments) | Embedded Derivatives |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes |
| HK(IFRIC) – Int 15 | Agreements for the Construction of Real Estate |
| HK(IFRIC) – Int 16 | Hedges of a Net Investment in a Foreign Operation |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

2. Significant accounting policies *(Continued)*

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (note 3), but has had no impact on the reported results or financial position of the Group.

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|---------------------|--|
| HKFRSs (Amendments) | Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹ |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 ² |
| HKAS 27 (Revised) | Consolidation and Separate Financial Statements ¹ |
| HKAS 39 (Amendment) | Eligible Hedged Items ¹ |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adoption ⁴ |
| HKFRS 2 (Amendment) | Amendments to HKFRS 2 Group Cash-settled Share-based Payment Transactions ⁴ |
| HKFRS 3 (Revised) | Business Combinations ¹ |
| HK(IFRIC) – Int 17 | Distributions of Non-cash Assets to Owners ¹ |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers ³ |

¹ Effective for annual periods beginning on or after 1st July, 2009.

² Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

³ Effective for transfers on or after 1st July, 2009.

⁴ Effective for annual periods beginning on or after 1st January, 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

2. Significant accounting policies *(Continued)*

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors anticipate that the application of the other new or revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

3. Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segment to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed.

The Group's reportable segments under HKFRS 8 do not differ materially from those previously disclosed under HKAS 14. In prior years, segment information reported externally was analysed by the types of the Group's core activities which consisted of trading of goods, provision of finance, brokerage and securities investment and exploitation and sales of minerals. The Directors of the Company considered that the current segment presentation provides sufficient and appropriate information to the Group's executive directors for the allocation of resources to the segment and to assess its performance, as the current presentation has already focused specifically on the category of customer for each segment. The Group's reportable segments under HKFRS 8 are therefore as follows:

- Trading of goods
- Provision of finance
- Brokerage and securities investment
- Exploitation and sales of minerals

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

3. Segment information *(Continued)*

Six months ended 30th June, 2009

| | Trading of goods <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Brokerage and securities investment <i>HK\$'000</i> | Exploitation and sales of minerals <i>HK\$'000</i> | Elimination <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---|--|--|---|---|--------------------------------|---------------------------------|
| TURNOVER | | | | | | |
| External sales | 18,261 | 20,698 | 2,533 | – | – | 41,492 |
| Inter-segment sales* | – | – | 590 | – | (590) | – |
| Total | <u>18,261</u> | <u>20,698</u> | <u>3,123</u> | <u>–</u> | <u>(590)</u> | <u>41,492</u> |
| RESULTS | | | | | | |
| Segment results | 437 | 20,755 | 30,286 | 901 | – | 52,379 |
| Unallocated corporate income | | | | | | 707 |
| Unallocated corporate expenses | | | | | | (16,133) |
| Finance costs | | | | | | (56) |
| Share of profit of a jointly controlled entity | | | | | | <u>6,446</u> |
| Profit before taxation | | | | | | 43,343 |
| Income tax expense | | | | | | <u>(890)</u> |
| Profit for the period | | | | | | <u>42,453</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

3. Segment information *(Continued)*

Six months ended 30th June, 2008

| | Trading of goods <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Brokerage and securities investment <i>HK\$'000</i> | Exploitation and sales of minerals <i>HK\$'000</i> | Elimination <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|--|--|--|---|---|--------------------------------|---------------------------------|
| TURNOVER | | | | | | |
| External sales | 555,206 | 21,316 | 3,667 | – | – | 580,189 |
| Inter-segment sales* | – | – | 841 | – | (841) | – |
| Total | <u>555,206</u> | <u>21,316</u> | <u>4,508</u> | <u>–</u> | <u>(841)</u> | <u>580,189</u> |
| RESULTS | | | | | | |
| Segment results | 10,425 | 21,451 | 928 | (886) | – | 31,918 |
| Unallocated corporate income | | | | | | 1,625 |
| Unallocated corporate expenses | | | | | | (15,050) |
| Finance costs | | | | | | (2,182) |
| Share of profit of a jointly controlled entity | | | | | | <u>6,493</u> |
| Profit before taxation | | | | | | 22,804 |
| Income tax expense | | | | | | <u>(670)</u> |
| Profit for the period | | | | | | <u><u>22,134</u></u> |

* *Inter-segment sales were charged at cost plus margin basis as agreed between both parties.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

4. Income tax expense

| | Six months ended 30th June, | |
|---------------------------------------|-----------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current tax | | |
| Hong Kong Profits Tax | 892 | 670 |
| Deferred tax | | |
| Current period | <u>(2)</u> | <u>–</u> |
| Total taxation charged for the period | <u>890</u> | <u>670</u> |

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

5. Profit for the period

| | Six months ended 30th June, | |
|--|-----------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit for the period has been arrived at after charging: | | |
| Staff costs including directors' remuneration | 6,536 | 6,140 |
| Retirement benefits schemes contributions | <u>248</u> | <u>205</u> |
| Total staff costs | <u>6,784</u> | <u>6,345</u> |
| Amortisation of trading right | 50 | 50 |
| Depreciation of property, plant and equipment | 2,234 | 1,223 |
| Share of taxation of a jointly controlled entity (included in share of profit of a jointly controlled entity) | 1,901 | 2,152 |
| Cost of inventories recognised as expenses | 17,361 | 510,358 |
| Loss on disposal of property, plant and equipment | <u>–</u> | <u>51</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

5. Profit for the period *(Continued)*

| | Six months ended 30th June, | |
|---|------------------------------------|----------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| and after crediting: | | |
| Other income | | |
| Interest income on: | | |
| Bank deposits | 44 | 1,254 |
| Sale proceeds on disposal of an associate and subsidiaries | – | 600 |
| Other loan and receivables | <u>5,197</u> | <u>1,413</u> |
| Total interest income | 5,241 | 3,267 |
| Reversal of impairment losses on short-term loans receivable | – | 270 |
| Exchange gain | 522 | 33 |
| Gain on disposal of property, plant and equipment | 90 | – |
| Sundry income | <u>432</u> | <u>329</u> |
| | <u>6,285</u> | <u>3,899</u> |
| Net gain on financial assets at fair value through profit or loss: | | |
| Net realised gain on financial assets | | |
| at fair value through profit or loss | 9,836 | 1,223 |
| Unrealised gain/(loss) on financial assets | | |
| at fair value through profit or loss | <u>20,888</u> | <u>(1,221)</u> |
| | <u>30,724</u> | <u>2</u> |

6. Dividends

No dividends were declared during the period (six months ended 30th June, 2008: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

7. Earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

| | Six months ended 30th June, | |
|--|-----------------------------|---------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Earnings | | |
| Earnings attributable to owners of the Company | <u>42,453</u> | <u>22,516</u> |

| | Six months ended 30th June, | |
|--|-----------------------------|------------------|
| | 2009 | 2008 |
| | '000 | '000 |
| Number of shares | | |
| Weighted average number of shares for the purposes of basic earnings per share | <u>3,274,851</u> | <u>3,176,714</u> |

Basic and diluted earnings per share for the six months ended 30th June, 2009 were equal because there was no dilution event existed during the period.

Basic and diluted earnings per share for the six months ended 30th June, 2008 have been presented as equal because conversion of the convertible notes into shares would not decrease the earnings per share for that period.

8. Movements in property, plant and equipment

During the period, the Group incurred costs for furniture and fixtures and motor vehicle of approximately HK\$19,000 and HK\$996,000 respectively. The motor vehicle was acquired through acquisition of a subsidiary during the period ended 30th June, 2009. The cost for motor vehicle represents the consideration in cash of HK\$920,000 plus a fair value adjustment of HK\$76,000.

As at 30th June, 2009, a property, plant and equipment with a carrying amount of HK\$2,226,000 was held under a finance lease (as at 31st December, 2008: HK\$2,544,000).

9. Available-for-sale financial assets

Available-for-sale financial assets of listed securities at the reporting date represent the Group's listed investment in YTC Resources Limited of which its shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the stock exchange.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

10. Other assets

Other assets are statutory deposits paid to government regulators in relation to the Group's licensed activities in the Hong Kong securities market.

11. Trade and other receivables/bills receivable

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|---|---|---|
| Trade receivables | 9,152 | 21,015 |
| Less: Impairment loss recognised | <u>(1,492)</u> | <u>(1,492)</u> |
| | 7,660 | 19,523 |
| Deposits paid, prepayments and other receivables <i>(notes (a), (b) and (c))</i> | 631,200 | 533,332 |
| Less: Impairment loss recognised, in respect of other receivables | <u>(356)</u> | <u>(356)</u> |
| Trade and other receivables | 638,504 | 552,499 |
| Bills receivable | <u>365</u> | <u>27,593</u> |
| | <u>638,869</u> | <u>580,092</u> |

The settlement term of trade receivables arising from securities dealing business is two days after the trade date. Details of trade receivables arising from securities dealing business are as follows:

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|------------------------|---|---|
| Margin account clients | 6,625 | 19,426 |
| Cash account clients | 1,074 | 527 |
| Clearing house | 1,327 | 936 |
| Others | <u>126</u> | <u>126</u> |
| | <u>9,152</u> | <u>21,015</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

11. Trade and other receivables/bills receivable *(Continued)*

The following is an aged analysis of bills receivable at the reporting date:

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|--------------|---|---|
| 0 to 60 days | <u>365</u> | <u>27,593</u> |

Notes:

(a) Included in deposits paid was the refundable deposit of HK\$183,000,000 representing 30% of the total consideration paid by Excel Faith Holdings Limited ("Excel Faith"), a subsidiary of the Company, to Mr. Li Hui for the acquisition of the entire issued share capital of Union Bless Limited ("Union Bless"). For further details, please refer to the circular of the Company dated 26th June, 2009.

(b) Included in other receivables was approximately HK\$227,854,000 receivable from Oriental Pine Investments Limited in relation to rescission of an agreement for acquisition of Jebson Investments Limited and its subsidiaries.

Such receivable represents the aggregate amount of HK\$223,422,000, including the principal amounts of HK\$120,000,000 and HK\$103,422,000 which bear interest at 3% per annum from 24th December, 2008 and will be due on 30th September, 2009 and 31st March, 2010 respectively, and HK\$4,432,000 being interest receivable arising from the principal amounts.

For further details, please refer to note 36 to the consolidated financial statements included in the Company's annual report for the year ended 31st December, 2008.

(c) Other receivables also include amounts receivable from Grand Prospect Investment Holdings Ltd ("Grand Prospect") of HK\$90,000,000 and Pergenia Investments Limited ("Pergenia") of HK\$45,000,000 in relation to deferred cash consideration on disposal of 80% equity interest in Success Harbour International Limited ("Success Harbour") and 100% equity interest in Poly Power Group Limited.

Subsequent to the period ended 30th June, 2009, an amount of HK\$50,000,000 has been settled from Grand Prospect. The remaining principal amounts of HK\$5,000,000 and HK\$35,000,000 will be due on 30th September, 2009 and 31st December, 2009 respectively. The remaining balance of the amount due from Grand Prospect was secured over all rights, title and interest in and to the shares in Success Harbour, together with all dividends, interest or other income or debts distributions hereafter paid or payable.

Subsequent to the period ended 30th June, 2009, full amount of HK\$45,000,000 due from Pergenia has been settled.

For further details, please refer to note 37 to the consolidated financial statements included in the Company's annual report for the year ended 31st December, 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

12. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss at the reporting date represent equity securities listed on the Stock Exchange.

13. Pledged bank deposit

At 30th June, 2009, the Group had no pledged bank deposit.

At 31st December, 2008, a bank deposit of approximately HK\$19,500,000 was pledged to secure bank trading facilities granted to the Group from a local financial institution.

14. Bank balances held under segregated trust accounts

As a subsidiary of the Company is principally engaged in the business of securities dealing and brokering, it receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

15. Trade and other payables/bills payable

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|-----------------------------|---|---|
| Trade payables | 148,851 | 3,971 |
| Other payables and accruals | 3,578 | 5,719 |
| | <hr/> | <hr/> |
| Trade and other payables | 152,429 | 9,690 |
| Bills payable | 347 | 27,144 |
| | <hr/> | <hr/> |
| | 152,776 | 36,834 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

15. Trade and other payables/bills payable *(Continued)*

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|--|---|---|
| Trade payables arising from securities dealing business: | | |
| Cash account clients | 29,049 | 3,181 |
| Clearing house | 52 | 24 |
| Margin account clients | 119,624 | 694 |
| Others | <u>126</u> | <u>72</u> |
| | <u>148,851</u> | <u>3,971</u> |

The following is an aging analysis of bills payable arising from other business at the reporting date:

| | As at 30th June, 2009 HK\$'000 | As at 31st December, 2008 HK\$'000 |
|--------------|---|---|
| 0 to 60 days | <u>347</u> | <u>27,144</u> |

16. Provision

During the year ended 31st December, 2008, a subsidiary of the Company principally engaged in securities brokerage might be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK\$9,250,000. The matters had been first reported to the relevant enforcement agencies by the subsidiary in March 2009 and are currently under investigations. Based on the information available to the directors, the full amount of the possible claims had been provided.

Based on a preliminary legal advice, the subsidiary may also be subject to a maximum penalty of HK\$10,000,000 to the enforcement agency for the allegedly irregular transactions conducted by the former employee. As the investigation of the matters by the enforcement agency is in progress, the directors cannot reasonably predict the outcome of the matters, the possible maximum penalty is therefore regarded as a contingent liability of the Group as at 30th June, 2009 and 31st December, 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

17. Share capital

| | Number of shares '000 | Amount HK\$'000 |
|--|--------------------------|-----------------------|
| Authorised: | | |
| At 1st January, 2009 and 30th June, 2009 ordinary shares of HK\$0.10 each | <u>9,000,000</u> | <u>900,000</u> |
| Issued and fully paid: | | |
| At 1st January, 2009 ordinary shares of HK\$0.10 each | 3,160,083 | 316,008 |
| Issue of shares <i>(notes (a) and (b))</i> | <u>681,000</u> | <u>68,100</u> |
| At 30th June, 2009 ordinary shares of HK\$0.10 each | <u>3,841,083</u> | <u>384,108</u> |

Notes:

Details of the changes in the Company's share capital for the six months ended 30th June, 2009 are as follows:

- (a) Pursuant to a placing agreement entered into on 19th May, 2009, the Company issued 511,000,000 shares of HK\$0.10 each at HK\$0.27 per share to independent investors. The issue price per share represented a discount of approximately 6.9% to the closing price of HK\$0.29 per share on 18th May, 2009 as quoted on the Stock Exchange. The net proceeds of the placement of approximately HK\$134.6 million (equivalent to a net price of approximately HK\$0.263 per share) was used as general working capital of the Group.
- (b) Pursuant to a placing agreement entered into on 1st June, 2009, the Company issued 170,000,000 shares of HK\$0.10 each at HK\$0.228 per share to independent investors. The issue price per share represented a discount of approximately 2.98% to the closing price of HK\$0.235 per share on 1st June, 2009 as quoted on the Stock Exchange. The net proceeds of the placement of approximately HK\$37.8 million (equivalent to a net price of approximately HK\$0.222 per share) was used as general working capital of the Group.

18. Capital commitments

On 24th April, 2009, Excel Faith, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Li Hui, pursuant to which Excel Faith would acquire the entire issued share capital of Union Bless at a total consideration of HK\$610,000,000 (the "Acquisition"). Pursuant to the sale and purchase agreement, the consideration shall be satisfied by (i) HK\$550,000,000 in cash; (ii) convertible notes in the amount of HK\$60,000,000 to be issued by the Company to Mr. Li Hui. The deposit paid by Excel Faith in relation to the Acquisition up to 30th June, 2009 was HK\$183,000,000. Details of the Acquisition are set out in the Company's announcement dated 6th May, 2009 and the Company's circular dated 26th June, 2009.

Except for the abovementioned capital commitments, the Group and the Company did not have any significant capital commitments as at 30th June, 2009 (as at 31st December, 2008: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2009

19. Contingent liabilities

Save as disclosed in note 16, as at 30th June, 2009 and 31st December, 2008, the Group had no material contingent liability.

20. Material related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the six months ended 30th June, 2009 and 2008, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

Remunerations for key management personnel, including amounts paid to the Company's directors are as follows:

| | Six months ended 30th June, | |
|---|-----------------------------|--------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Short-term employee benefits | 2,224 | 1,942 |
| Retirement benefits schemes contributions | <u>79</u> | <u>56</u> |
| | <u>2,303</u> | <u>1,998</u> |

21. Events after the end of the reporting period

Details of the significant events took place subsequent to the end of the interim reporting period are as follows:

- (a) On 6th August, 2009, the Company entered into a placing agreement and a subscription agreement with Oriental Genesis Limited ("Oriental Genesis") and a placing agent, pursuant to which Oriental Genesis placed and subsequently subscribed for an aggregate of 260,000,000 new shares of the Company at a price of HK\$0.238 per share. Details of the transactions are set out in the Company's announcements dated 6th August, 2009 and 17th August, 2009.
- (b) On 24th August, 2009, the Company entered into a placing agreement and a subscription agreement with Oriental Genesis and a placing agent, pursuant to which Oriental Genesis placed and subsequently subscribed for an aggregate of 480,000,000 new shares of the Company at a price of HK\$0.18 per share. Details of the transactions are set out in the Company's announcements dated 25th August, 2009 and 31st August, 2009.

OTHER INFORMATION

INTERIM DIVIDENDS

The Company had no distributable reserve as at 30th June, 2009. The directors of the Company have resolved not to declare an interim dividend for the six months ended 30th June, 2009 (2008: nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2009, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

| Name of director | Capacity | Number of shares | Number of underlying shares | Total interests | Approximate percentage of the issued share capital of the Company |
|---------------------------------|---|-------------------------|-----------------------------|-----------------|---|
| Suen Cho Hung, Paul (note 8) | Interest held by controlled corporation | 743,263,096 (note 1) | – | – | – |
| | Beneficial owner | 5,800,000 | – | 749,063,096 | 19.50% |
| Sue Ka Lok | Beneficial owner | – | 10,000,000 (note 2) | 10,000,000 | 0.26% |
| Chen Shuda | Interest held by controlled corporation | 269,832,000 (note 3) | – | – | – |
| | Beneficial owner | 31,608,000 | – | 301,440,000 | 7.85% |

OTHER INFORMATION *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

| Name of director | Capacity | Number of shares | Number of underlying shares | Total interests | Approximate percentage of the issued share capital of the Company |
|-------------------------|------------------|------------------|-------------------------------|-----------------|---|
| Ng Shin Kwan, Christine | Beneficial owner | – | 16,780,000 <i>(note 4)</i> | 16,780,000 | 0.44% |
| Sun Ka Ziang, Henry | Beneficial owner | 200,000 | 52,000 <i>(note 5)</i> | 252,000 | 0.01% |
| Kwok Ming Fai | Beneficial owner | – | 252,000 <i>(note 6)</i> | 252,000 | 0.01% |
| Wong Yun Kuen | Beneficial owner | 200,000 | 52,000 <i>(note 7)</i> | 252,000 | 0.01% |

Notes:

- These shares were beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 600,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited were wholly-owned by All Sino Resources Limited which in turn was wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited were deemed to be interested in 743,263,096 shares under the SFO.
- This represents the interest of Mr. Sue Ka Lok in 10,000,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the share option scheme of the Company adopted by shareholders of the Company on 8th November, 2006 ("Share Option Scheme"). The consideration paid by Mr. Sue Ka Lok on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.
- These shares were beneficially owned by Super Union Group Limited. Super Union Group Limited was wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda was deemed to be interested in 269,832,000 shares under the SFO.
- This represents the interest of Ms. Ng Shin Kwan, Christine in 16,780,000 underlying shares issuable under the share options granted by the Company to her on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Ms. Ng Shin Kwan, Christine on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

OTHER INFORMATION *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes: *(Continued)*

5. This represents the interest of Mr. Sun Ka Ziang, Henry in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Sun Ka Ziang, Henry on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.
6. This represents the interest of Mr. Kwok Ming Fai in 252,000 underlying shares, of which, 200,000 underlying shares issuable under the share options granted by the Company to him on 23rd March, 2007 and 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Kwok Ming Fai on acceptance of the share options granted was HK\$1.00 for each grant of share options. For the 200,000 share options, the exercise price is HK\$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) and the exercise period is between 23rd March, 2007 and 22nd March, 2017. For the remaining 52,000 share options, the exercise price is HK\$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.
7. This represents the interest of Dr. Wong Yun Kuen in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.
8. Mr. Suen Cho Hung, Paul resigned as a director of the Company with effect from 16th September, 2009.

Save as disclosed above, as at 30th June, 2009, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 8th November, 2006 ("Share Option Scheme"). The primary purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the Share Option Scheme are as disclosed in the Company's 2008 Annual Report.

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEME *(Continued)*

Movement of share options under the Share Option Scheme during the six months ended 30th June, 2009 were as follows:

| Name or category of participant | Date of grant | Exercise period | Exercise price per share HK\$ | Number of share options | | | | Outstanding at 30th June, 2009 |
|--|---------------|-----------------------|----------------------------------|----------------------------------|---------------------------|-----------------------------|--------------------------|--------------------------------|
| | | | | Outstanding at 1st January, 2009 | Granted during the period | Exercised during the period | Lapsed during the period | |
| Directors | | | | | | | | |
| Sue Ka Lok | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 10,000,000 | – | – | – | 10,000,000 |
| Ng Shin Kwan, Christine | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 16,780,000 | – | – | – | 16,780,000 |
| Sun Ka Ziang, Henry | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 52,000 | – | – | – | 52,000 |
| Kwok Ming Fai | 23.3.2007 | 23.3.2007 – 22.3.2017 | 0.38 | 200,000 | – | – | – | 200,000 |
| | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 52,000 | – | – | – | 52,000 |
| Wong Yun Kuen | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 52,000 | – | – | – | 52,000 |
| Subtotal: | | | | <u>27,136,000</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>27,136,000</u> |
| Employees other than directors in aggregate | | | | | | | | |
| | 23.3.2007 | 23.3.2007 – 22.3.2017 | 0.38 | 40,000 | – | – | – | 40,000 |
| | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 2,016,000 | – | – | (208,000) | 1,808,000 |
| Subtotal: | | | | <u>2,056,000</u> | <u>–</u> | <u>–</u> | <u>(208,000)</u> | <u>1,848,000</u> |
| Other participants in aggregate | | | | | | | | |
| | 3.12.2007 | 3.12.2007 – 2.12.2017 | 1.22 | 77,940,000 | – | – | – | 77,940,000 |
| Subtotal: | | | | <u>77,940,000</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>77,940,000</u> |
| Total: | | | | <u>107,132,000</u> | <u>–</u> | <u>–</u> | <u>(208,000)</u> | <u>106,924,000</u> |

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEME *(Continued)*

Notes:

- a. The share options outstanding as at 30th June, 2009 had no vesting periods.
- b. No share options were cancelled during the six months ended 30th June, 2009.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' interests and short positions in shares, underlying shares and debentures" and "Share Option Scheme" above, at no time during the six months ended 30th June, 2009 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30th June, 2009, the register of interest kept by the Company under section 336 of the SFO showed that the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

| Name of Shareholder | Capacity | Number of shares | Total interests | Approximate percentage of the issued share capital of the Company |
|----------------------------|---|--------------------------------|-----------------|---|
| Suen Cho Hung, Paul | Interest held by controlled corporation | 743,263,096 <i>(note 1)</i> | – | – |
| | Beneficial owner | 5,800,000 | 749,063,096 | 19.50% |
| All Sino Resources Limited | Interest held by controlled corporation | 743,263,096 <i>(note 1)</i> | 743,263,096 | 19.35% |
| Oriental Genesis Limited | Beneficial owner | 600,000,000 | 600,000,000 | 15.62% |
| Chen Shuda | Interest held by controlled corporation | 269,832,000 <i>(note 2)</i> | – | – |
| | Beneficial Owner | 31,608,000 | 301,440,000 | 7.85% |

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

| Name of Shareholder | Capacity | Number of shares | Total interests | Approximate percentage of the issued share capital of the Company |
|--|---|--------------------------------|-----------------|---|
| Super Union Group Limited | Beneficial Owner | 269,832,000 | 269,832,000 | 7.02% |
| Yunnan Tin Australia Investment Holding Company Pty Ltd | Beneficial Owner | 89,055,556 | – | – |
| | Interest held by controlled corporation | 110,944,444 <i>(note 3)</i> | 200,000,000 | 5.21% |
| 雲南錫業集團(控股) 有限責任公司 (literally translated as Yunnan Tin Group (Holding) Co Limited) | Interest held by controlled corporation | 200,000,000 <i>(note 4)</i> | 200,000,000 | 5.21% |

Notes:

- These shares were beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 600,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited were wholly-owned by All Sino Resources Limited which in turn was wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited were deemed to be interested in 743,263,096 shares under the SFO.
- These shares were beneficially owned by Super Union Group Limited. Super Union Group Limited was wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda was deemed to be interested in 269,832,000 shares under the SFO.
- These shares were beneficially owned by Wise Peace Limited (“Wise Peace”). Wise Peace was wholly-owned by Yunnan Tin Australia Investment Holding Company Pty Ltd (“YTA”). Accordingly, YTA was deemed to be interested in 110,944,444 shares under the SFO.
- These shares were beneficially owned by Wise Peace as to 110,944,444 shares and YTA as to 89,055,556 shares. Wise Peace was wholly-owned by YTA and YTA was in turn wholly-owned by Yunnan Tin Group (Holding) Co Limited. Accordingly, Yunnan Tin Group (Holding) Co Limited was deemed to be interested in 200,000,000 shares under the SFO.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30th June, 2009 as required pursuant to section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30th June, 2009.

CORPORATE GOVERNANCE

The condensed consolidated financial statements of the Company for the six months ended 30th June, 2009 have not been audited, but have been reviewed by the Audit Committee and external auditors of the Company.

The Company had complied throughout the six months ended 30th June, 2009 with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30th June, 2009.

By Order of the Board

Sue Ka Lok

Chief Executive Officer

Hong Kong, 23rd September, 2009