CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 263)

Interim Report 2011

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Zhang Guoqing *(Chairman)*
Chen Shuda
Ng Shin Kwan, Christine
Lee Jalen
Chan Ah Fei
Lee Yuk Fat

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

COMPANY SECRETARY

Jimmy Siu

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
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Agricultural Bank of China, Yangshan Branch

PRINCIPAL LEGAL ADVISERS

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

AUDITORS

Pan-China (H.K.) CPA Limited
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

INTERIM RESULTS

The Group has recorded a loss attributable to the Company's shareholders of approximately HK$54,806,000 for the six months ended 30 June 2011 (2010: HK$105,757,000) and loss per share was approximately 1.18 HK cents (2010: 18.12 HK cents). Despite the profits made by the Group's provision of finance and the jointly controlled entity for the period under review, an overall significant loss for the Group was reported mainly due to the recognition of unrealised loss on investment of marketable securities from the Group's securities investment operation.

BUSINESS REVIEW

Group's Operations

During the period under review, the Group's businesses included trading of iron ore, provision of finance, brokerage and securities investment as well as minerals operation. The turnover of the Group for the period was up by approximately 30% to approximately HK$20,485,000 (2010: HK$15,764,000) with gross profit dropped by approximately 14% to approximately HK$9,606,000 (2010: HK$11,194,000). Such decreases were mainly attributable to the higher cost of production in our minerals operation.

The Group's trading operation continued to focus on the trading of iron ore. Due to the volatility of the iron ore market for a significant part of the period under review, the Group has encountered difficulties in finalising trade deals, therefore no turnover derived (2010: nil).

The interest income and operating profit generated by the financing operation were both up by approximately 27% and 26% to approximately HK$9,538,000 (2010: HK$7,512,000) and approximately HK$9,518,000 (2010: HK$7,542,000) respectively. Such increases were primarily attributable to the higher average balance of loans advanced to customers compared to the same period last year. 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 brokerage and securities investment operation, being mainly the brokerage and commission income of the Group's securities brokerage division, has decreased by approximately 3.5 times to approximately HK$1,574,000 (2010: HK$5,545,000) for the period under review. Such sharp decrease was contributed by the lower transaction volume of the securities brokerage activities and commission received through participation in fund raising activities of clients during the period.

Despite the profit in the securities brokerage division, the operation recorded an overall loss of approximately HK$46,585,000 (2010: HK$105,504,000) mainly as a result of the recognition of a net loss on investment in securities amounting to approximately HK$46,119,000 (2010: HK$107,552,000). Such loss was attributable to the decline in market prices of listed securities held by the Group for investment purpose. At the period end, the market value of the Group's listed securities portfolio amounted to approximately HK$357,236,000 (at 31 December 2010: HK$296,348,000).

For the period under review, the Group recorded a turnover for its minerals operation amounting to approximately HK$9,373,000 (2010: HK$2,707,000) and an operating loss of approximately HK$2,431,000 (2010:HK$2,366,000), representing the income from the trading of iron ore and also from the sales of iron ore extracted from a mixed metal mine (the "Mine") located in Guangdong Province in the People's Republic of China (the "PRC"). Due to the persistent rainstorm in the Southern China region in the first half of 2011, the commercial production of the Mine was severely hindered and remained at a minimal level. However, the management is confident that the production target can be met in the coming years, so they consider the value of the mining right is still fair. Our management continued to purchase iron ores and low grade iron powder from other mine fields for processing in our factories in order to utilise our manufacturing facilities. The economy of PRC has been slowing down and found manufacturing activity shrank in the first half of the year due to inflation and cost of production.

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. During the period, the turnover of Hong Qiao reached approximately HK$411 million (2010: HK$352 million), representing a year-on-year growth of approximately 17% mainly as a result of the continuous growth in consumer spending in Shanghai and successful marketing and promotion campaigns conducted by Hong Qiao. The profit of Hong Qiao shared by the Group was approximately HK$6,488,000 (2010: HK$6,071,000) for the period under review.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2011, the Group had current assets of approximately HK$1,092,799,000 (at 31 December 2010: HK$765,775,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK$591,836,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2010: HK$443,762,000). The Group's current ratio, calculated on the basis of current assets of HK$1,092,799,000 over current liabilities of approximately HK$27,363,000, was at strong level of approximately 39.9 (at 31 December 2010: ratio of 18.7). As at 30 June 2011, the Group had no bank and other borrowings (at 31 December 2010: nil) and a finance lease obligation of approximately HK$84,000 (at 31 December 2010: HK$383,000).

At the end of the review period, the equity attributable to the Company's shareholders amounting to approximately HK$1,845,025,000 (at 31 December 2010: HK$1,369,500,000), which is equivalent to a consolidated net asset value of about approximately HK$0.28 per share of the Company (at 31 December 2010: HK$2.29 per share). The Group's gearing ratio calculated on the basis of finance lease obligation of approximately HK$84,000 over total assets of approximately HK$2,028,634,000 was at low level of 0.004% (at 31 December 2010: ratio of 0.02%).

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 30 June 2011, a fixed asset of carrying amount of approximately HK$954,000 (at 31 December 2010: HK$1,272,000) was pledged as security for the Group's finance lease obligation.

Capital Commitment

At 30 June 2011, the Group had no significant capital commitment.

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.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2011, the Group had approximately 89 employees (at 30 June 2010: 70 employees) including executive directors. Total staff costs incurred during the period (including directors' remuneration) was approximately HK$9,191,000, representing an increase of approximately 21% when compared to HK$7,623,000 as recorded in the same period last year. The increase in staff cost was in line with the increase in number of staff headcounts. 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, mandatory provident fund scheme, share options, training subsidies as well as medical insurance.

BUSINESS PROSPECTS

The economy of Hong Kong and the PRC is expected to improve on a graduate basis. However, the risk of further volatility in the global economy still remains. Economies of the USA, Europe and Japan are very unstable. The massive liquidity generated by quantitative easing has caused the world's inflation to rise. The Europe's sovereign debt issues, the disastrous earthquakes in Japan and its associated radiation leakage, have together imposed severe downward pressure on two major regions of the global economy. China, being the driving force behind the world's economy for the past few years has to apply policies to slow down its domestic inflation.

The activities of the Mine were seriously obstructed during the review period due to the adverse weather conditions and higher inflation. This impact is expected to be moderate in near future and the Group is optimistic about the prospect of the Mine business in the long run. Meanwhile, the Group will continue to actively seek for attractive investment opportunities which will create substantial value to shareholders of the Company.

PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants
天健(香港)會計師事務所有限公司

REPORT ON REVIEW OF 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 information set out on pages 7 to 25, which comprises 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 at 30 June 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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" ("HKSRE 2410") issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2011, and of its financial performance and its cash flows for the six-month period then ended in accordance with HKAS 34.

Pan-China (H.K.) CPA Limited
Certified Public Accountants
Hong Kong, 30 August 2011

Fung Pui Cheung
Practising Certificate Number P00755

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Turnover	3	**20,485**	15,764
Cost of sales		**(10,879)**	(4,570)
Gross profit		**9,606**	11,194
Net loss on financial assets at fair value through profit or loss	5	**(46,119)**	(107,552)
Change in fair value of convertible bonds designated at financial assets at fair value through profit or loss		**119**	–
Other income	5	**1,740**	7,646
Administrative expenses		**(26,971)**	(23,297)
Finance costs		**(35)**	(45)
Share of profit of a jointly controlled entity		**6,488**	6,071
Loss before taxation		**(55,172)**	(105,983)
Income tax credit	4	**366**	226
Loss for the period attributable to owners of the Company	5	**(54,806)**	(105,757)
			(restated)
Loss per share	7		
– Basic and diluted (HK cents per share)		**(1.18)**	(18.12)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period	**(54,806)**	(105,757)
Other comprehensive (expenses)/income		
Exchange differences arising on translation of overseas operations	**2,140**	(562)
Share of translation reserve of a jointly controlled entity	**–**	580
Fair value change in available-for-sale financial assets	**(5,096)**	(2,269)
Other comprehensive expenses for the period (net of tax)	**(2,956)**	(2,251)
Total comprehensive expenses for the period attributable to owners of the Company	**(57,762)**	(108,008)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 HK$'000 (unaudited)	As at 31 December 2010 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	8	**7,531**	8,477
Interest in a jointly controlled entity		**65,387**	58,899
Available-for-sale financial assets	9	**167,024**	36,425
Other assets	10	**2,230**	2,230
Trading right		**–**	–
Mining right	11	**564,984**	566,695
Goodwill		**128,679**	128,679
		935,835	801,405
Current assets			
Inventories		**2,075**	876
Trade and other receivables	12	**50,683**	45,360
Earnest money	13	**200,000**	–
Financial assets at fair value through profit or loss	14	**357,236**	296,348
Convertible bonds designated at financial assets at fair value through profit or loss		**33,901**	33,782
Short-term loans receivable		**205,805**	221,305
Tax recoverable		**1,819**	1,819
Bank balances held under segregated trust accounts	15	**6,680**	18,871
Bank balances and cash		**234,600**	147,414
		1,092,799	765,775
Current liabilities			
Trade and other payables	16	**17,638**	30,450
Tax payable		**391**	923
Finance lease obligation – due within one year		**84**	383
Provision	17	**9,250**	9,250
		27,363	41,006
Net current assets		**1,065,436**	724,769
Total assets less current liabilities		**2,001,271**	1,526,174

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2011

	Notes	**As at 30 June 2011 HK$'000 (unaudited)**	As at 31 December 2010 HK$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**156,246**	156,674
Net assets		**1,845,025**	1,369,500
Capital and reserves			
Share capital	18	**324,521**	30,048
Reserves		**1,520,504**	1,339,452
Total equity		**1,845,025**	1,369,500

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Equity attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2011	30,048	1,683,812	3,894	(12,418)	53,105	(388,941)	1,369,500
Loss for the period	–	–	–	–	–	(54,806)	(54,806)
Exchange differences arising on translation of overseas operations	–	–	2,140	–	–	–	2,140
Fair value change in available-for-sale financial assets	–	–	–	(5,096)	–	–	(5,096)
Total comprehensive expenses for the period	–	–	2,140	(5,096)	–	(54,806)	(57,762)
Issue of shares pursuant to rights issue	240,386	240,386	–	–	–	–	480,772
Issue of shares pursuant to placement of shares	54,087	12,981	–	–	–	–	67,068
Share issue expenses on rights issue	–	(12,626)	–	–	–	–	(12,626)
Share issue expenses on placement of shares	–	(1,927)	–	–	–	–	(1,927)
	294,473	238,814	–	–	–	–	533,287
At 30 June 2011	**324,521**	**1,922,626**	**6,034**	**(17,514)**	**53,105**	**(443,747)**	**1,845,025**
At 1 January 2010	500,965	1,112,895	(1,003)	(30,632)	53,176	(202,218)	1,433,183
Loss for the period	–	–	–	–	–	(105,757)	(105,757)
Exchange differences arising on translation of overseas operations	–	–	(562)	–	–	–	(562)
Share of translation reserve of a jointly controlled entity	–	–	580	–	–	–	580
Fair value change in available-for-sale financial assets	–	–	–	(2,269)	–	–	(2,269)
Total comprehensive expenses for the period	–	–	18	(2,269)	–	(105,757)	(108,008)
At 30 June 2010	500,965	1,112,895	(985)	(32,901)	53,176	(307,975)	1,325,175

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(111,762)**	(150,721)
Net cash (used in)/generated from investing activities		
Payment of earnest money	**(200,000)**	–
Net cash inflow from rescission of agreement for acquisition of subsidiaries	**–**	103,422
Purchase of available-for-sale investments	**(133,950)**	–
Acquisition of property, plant and equipment	**(457)**	(54)
Others	**26**	11
	(334,381)	103,379
Net cash generated from/(used in) financing activities		
Repayment of finance lease obligation	**(299)**	(287)
Proceeds from issue of shares, net of share issue expenses paid	**533,287**	–
	532,988	(287)
Net increase/(decrease) in cash and cash equivalents	**86,845**	(47,629)
Effect of foreign exchange rate changes	**341**	119
Cash and cash equivalents brought forward	**147,414**	243,360
Cash and cash equivalents carried forward, represented by bank balances and cash	**234,600**	195,850

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

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 31 December 2010.

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 accounting periods beginning on 1 January 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRSs 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the accounting period of these financial statements. The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a significant impact on its results of operation and financial position.

3. Turnover and segment information

For management purposes, the Group is currently organised into four operating divisions – trading of goods, provision of finance, brokerage and securities investment and exploitation and sales of minerals. These divisions are the basis on which the Group reports its primary segment information.

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

Segment turnover represents revenue generated from external customers.

Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, central administration costs, directors' salaries, finance costs, share of profit of a jointly controlled entity and income tax credit or expense.

Segment Turnover and Results

Six months ended 30 June 2011

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Exploitation and sales of minerals HK$'000	Elimination HK$'000	Total HK$'000
TURNOVER						
External sales	–	9,538	1,574	9,373	–	20,485
Inter-segment sales*	–	–	158	–	(158)	–
Total	–	9,538	1,732	9,373	(158)	20,485
RESULTS						
Segment results	(210)	9,518	(46,585)	(2,431)	–	(39,708)
Unallocated corporate income						84
Unallocated corporate expenses						(22,001)
Finance costs						(35)
Share of profit of a jointly controlled entity						6,488
Loss before taxation						(55,172)
Income tax credit						366
Loss for the period						(54,806)

3. Turnover and segment information *(Continued)*

Six months ended 30 June 2010

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Exploitation and sales of minerals HK$'000	Elimination HK$'000	Total HK$'000
TURNOVER						
External sales	–	7,512	5,545	2,707	–	15,764
Inter-segment sales*	–	–	548	–	(548)	–
Total	–	7,512	6,093	2,707	(548)	15,764
RESULTS						
Segment results	3,937	7,542	(105,504)	(2,366)	–	(96,391)
Unallocated corporate income						69
Unallocated corporate expenses						(15,687)
Finance costs						(45)
Share of profit of a jointly controlled entity						6,071
Loss before taxation						(105,983)
Income tax credit						226
Loss for the period						(105,757)

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

4. Income tax credit

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax	**62**	123
Underprovision of current tax in prior periods		
Hong Kong Profits Tax	**–**	37
PRC Enterprise Income Tax	**–**	3
	–	40
Deferred tax		
Current period	**(428)**	(389)
Total taxation credited for the period	**(366)**	(226)

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

For the Group's subsidiaries established in the People's Republic of China (the "PRC"), PRC Enterprise Income Tax is calculated at the rate of 25% (2010: 25%).

5. Loss for the period attributable to owners of the Company

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Loss for the period attributable to owners of the Company has been arrived at after charging:		
Staff costs including directors' remuneration	**8,942**	7,397
Retirement benefits schemes contributions	**249**	226
Total staff costs	**9,191**	7,623
Amortisation of mining right	**1,711**	1,559
Depreciation of property, plant and equipment	**1,451**	1,980
Foreign exchange loss, net	**1**	37
Share of taxation of a jointly controlled entity (included in share of profit of a jointly controlled entity)	**2,172**	2,022
Cost of inventories recognised as expenses	**9,373**	2,292

5. Loss for the period attributable to owners of the Company *(Continued)*

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
and after crediting:		
Other income		
Interest income on:		
Bank deposits	**20**	11
Other loan and receivables	**1,290**	2,094
Total interest income	**1,310**	2,105
Claim received from suppliers	**–**	3,393
Sundry income	**430**	2,148
	1,740	7,646
Net loss on financial assets at fair value through profit or loss:		
Net realised loss on financial assets at fair value through profit or loss	**(6,798)**	(5,321)
Unrealised loss on financial assets at fair value through profit or loss	**(39,321)**	(102,231)
	(46,119)	(107,552)

6. Dividends

No dividends were declared during the period (six months ended 30 June 2010: nil).

7. Loss per share

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

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company	**(54,806)**	(105,757)

	Six months ended 30 June	
	2011	2010
	'000	'000
		(restated)
Number of shares		
Weighted average number of shares for the purposes of basic loss per share	**4,662,186**	583,625

The effects of the share consolidation on 26 November 2010, and the bonus element included within the rights issue completed on 31 January 2011, have been included in the calculation of basic loss per share. The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 June 2010 had been adjusted accordingly.

Basic and diluted loss per share for the six months ended 30 June 2011 and 2010 have been presented as equal because the exercise prices of the Company's share options were higher than the average market price for the periods and is therefore considered as anti-dilutive.

8. Movements in property, plant and equipment

During the period, the Group incurred costs for furniture and fixtures of HK$88,000 and motor vehicle of HK$370,000 (six months ended 30 June 2010: costs for furniture and fixtures of approximately HK$54,000).

As at 30 June 2011, a property, plant and equipment with a carrying amount of HK$954,000 (as at 31 December 2010: HK$1,272,000) was held under a finance lease.

9. Available-for-sale financial assets

Available-for-sale financial assets represent the Group's investment in listed and unlisted securities. The listed securities of the Group 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.

The unlisted securities of the Group at the reporting date represent the Group's investment in unlisted equity securities issued by private entities incorporated overseas and are held for an identified long term strategic purpose.

On 15 April 2011, Charter Pearl Limited ("Charter Pearl"), an indirect wholly-owned subsidiary of the Company, entered into a conditional agreement with Cordoba Homes Limited ("Cordoba"), a company incorporated in the British Virgin Islands. Pursuant to the agreement, Cordoba agreed to issue and Charter Pearl agreed to subscribe for 215,000,000 shares of Cordoba, representing approximately 6.41% of the issued share capital of Cordoba as enlarged by the issue of the subscription shares, at the subscription price of HK$129,000,000. The principal activities of Cordoba is the holding of investment properties and other equity investments. The Group has designated the investment in Cordoba as available for sale financial asset.

On initial and subsequent recognition, the investment in Cordoba were measured at fair value and a fair value loss of approximately HK$19,048,000 was recognised in other comprehensive income as at 30 June 2011. The fair value of the equity interest in Cordoba at 30 June 2011 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer.

For further details, please refer to the announcement of the Company dated 15 April 2011.

10. Other assets

Other assets are statutory deposits paid to the Stock Exchange and Securities and Futures Commission in relation to the Group's licensed activities in the Hong Kong securities market.

11. Mining right

The mining right at the reporting date represents the mining right acquired by the Group in September 2009 in relation to a magnetite iron ore mine situated at the Guangdong Province, the PRC and has a legal life of 2 years, expiring on 18 May 2013.

Amortisation for mining right with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mine. For the six months ended 30 June 2011, the amortisation provided by the Group in relation to the mining right amounted to HK$1,711,000 (six months ended 30 June 2010: 1,559,000).

12. Trade and other receivables

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Trade receivables	**31,442**	34,432
Less: Impairment loss recognised	**(1,490)**	(1,490)
	29,952	32,942
Deposits, other receivables and prepayments	**21,087**	12,774
Less: Impairment loss recognised, in respect of other receivables	**(356)**	(356)
	20,731	12,418
	50,683	45,360

Details of trade receivables are as follows:

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Trade receivables arising from securities dealing business:		
Margin account clients	**20,679**	15,586
Cash account clients	**5,523**	7,440
Clearing house	**959**	3,590
Marks receivables	**41**	183
Others	**297**	126
	27,499	26,925
Trade receivables arising from the mining business	**3,943**	7,507
	31,442	34,432

The settlement term of trade receivables arising from securities dealing business is two days after the trade date while trade receivables arising from the mining business of the Group were all due within 60 days.

13. Earnest money

During the six months ended 30 June 2011, the Group entered into a non-legally binding Memorandum of Understanding ("MOU") and three non-legally binding supplemental MOU in relation to the proposed acquisition of 80% of the entire issued share capital in Jointwin Holdings Limited ("Jointwin" and together with its subsidiary, the "Jointwin Group"), a company indirectly holds 100% interest in a copper, lead and zinc mine located in Inner Mongolia Autonomous Region, the PRC (the "Proposed Acquisition").

Earnest money of HK$200,000,000 was paid by the Group to Jointwin in relation to the Proposed Acquisition, and is subject to full refund without interest upon the termination of the Proposed Acquisition.

Pursuant to share charges dated 10 March 2011, share capital of the Jointwin Group were charged by shareholders of the Jointwin Group in favour of the Company.

For further details, please refer to the announcements dated 14 January 2011, 10 March 2011, 31 March 2011 and 8 June 2011.

14. 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.

15. Bank balances held under segregated trust accounts

As a subsidiary of the Company is principally engaged in the business of securities dealing and brokerage, it receives and holds money deposits from 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.

16. Trade and other payables

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Trade payables	**14,022**	26,072
Other payables and accruals	**3,616**	4,378
	17,638	30,450

Details of trade payables are as follows:

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Trade payables arising from securities dealing business:		
Cash account clients	**4,544**	19,400
Clearing house	**21**	31
Margin account clients	**3,412**	2,812
Others	**62**	60
	8,039	22,303
Trade payable arising from securities investment	**5,842**	–
Trade payables arising from the mining business	**141**	3,769
	14,022	26,072

The settlement term of trade payables arising from securities dealing business is two days after the trade date while for amounts due to margin account clients are repayable on demand.

Trade payable arising from securities investment represent margin loans payable to a securities broker which is repayable on demand.

As at 30 June 2011, trade payables arising from the mining business of the Group were all due within 60 days.

17. Provision

During the year ended 31 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 such subsidiary in March 2009. The former employee was convicted by the High Court of Hong Kong in 2009 and there was a claim received by the subsidiary up to the date of this report. Based on the information available to the directors, the full amount of the possible claims was provided as at 30 June 2011 and 31 December 2010.

Based on a preliminary legal advice, such 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. No penalty against the subsidiary was received during the period. 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 of HK$10,000,000 is therefore regarded as a contingent liability of the Group as at 30 June 2011 and 31 December 2010.

18. Share capital

	Number of shares '000	Amount HK$'000
Authorised:		
At 1 January 2011 and 30 June 2011, ordinary shares of HK$0.05 each	**9,000,000**	**450,000**
Issued and fully paid:		
At 1 January 2011, ordinary shares of HK$0.05 each	**600,965**	**30,048**
Issue of shares *(Notes (a) and (b))*	**5,889,461**	**294,473**
At 30 June 2011, ordinary shares of HK$0.05 each	**6,490,426**	**324,521**

Notes:

Details of the changes in the Company's share capital for the six months ended 30 June 2011 are as follows:

(a) On 31 January 2011, the Company issued 4,807,723,376 rights shares of HK$0.05 nominal value each on the basis of eight rights shares for every one share held on the record date, 7 January 2011, at a subscription price of HK$0.10 per rights share.

(b) Pursuant to a placing agreement dated 30 May 2011, 1,081,737,759 shares were issued and allotted at a consideration of HK$0.062 per share on 20 June 2011.

19. Capital commitments

The Group had capital commitments as follows:

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Subscription of shares of YTC	**–**	4,704

In October 2010, the Group committed to subscribe for 5.95% of the total number of shares to be issued under the share placement of YTC Resources Limited ("YTC"), whose shares are listed in Australian Securities Exchange, with the subscription amount of A$595,000 (equivalent to approximately HK$4,704,000). The shareholding in YTC will remain unchanged at 5.95% of YTC's ordinary shares on issue. The placement was completed on 1 February 2011.

The Company did not have any significant capital commitments as at 30 June 2011 and 31 December 2010.

20. Contingent liabilities

Save as disclosed in note 17, the Group and the Company had no material contingent liability as at 30 June 2011 and 31 December 2010.

21. Material related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business as shown below:

Key management personnel remuneration

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

	Six months ended 30 June	
	2011 HK$'000	2010 HK$'000
Short-term employee benefits	**1,487**	1,180
Retirement benefits schemes contributions	**6**	7
	1,493	1,187

22. Events after the end of the reporting period

(i) On 4 August 2011, Superb Global Investments Limited ("Superb Global"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with Hennabun Capital Group Limited ("Hennabun"), pursuant to which Hennabun agreed to issue and allot and Superb Global agreed to subscribe for 15,000,000 shares of Hennabun at a subscription price of HK$90,000,000. Details of the transaction is set out in the announcement of the Company dated 4 August 2011.

(ii) On 12 August 2011, the Company and Treasure Smart Limited ("Treasure") entered into a sale and purchase agreement for the sale and purchase of the entire issued share capital in, and shareholders' loan extended to, Broadmeadow Investments Limited, pursuant to which the Company agreed to sell the Sale Share and the Sale Debt and Treasure agreed to purchase the Sale Share and the Sale Debt for an aggregate consideration of HK$80,000,000. Details of the transaction is set out in the announcement of the Company dated 12 August 2011.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2011. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2011 (2010: nil).

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

As at 30 June 2011, 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
Chen Shuda	Interest held by controlled corporation	16,517,600 *(note 1)*	–	16,979,200	0.26%
	Beneficial owner	461,600	–		
Ng Shin Kwan, Christine	Beneficial owner	–	4,229,106 *(note 2)*	4,229,106	0.07%
Sun Ka Ziang, Henry	Beneficial owner	20,000	13,106 *(note 3)*	33,106	0.00%
Kwok Ming Fai	Beneficial owner	–	63,513 *(note 4)*	63,513	0.00%
Wong Yun Kuen	Beneficial owner	180,000	13,106 *(note 5)*	193,106	0.00%

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

Notes:

1. 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 16,517,600 shares under the SFO.

2. This represents the interest of Ms. Ng Shin Kwan, Christine in 4,229,106 underlying shares issuable under the share options granted by the Company to her on 3 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$4.84 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

3. This represents the interest of Mr. Sun Ka Ziang, Henry in 13,106 underlying shares issuable under the share options granted by the Company to him on 3 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$4.84 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

4. This represents the interest of Mr. Kwok Ming Fai in 63,513 underlying shares, of which, 50,407 underlying shares issuable under the share options granted by the Company to him on 23 March 2007 and 13,106 underlying shares issuable under the share options granted by the Company to him on 3 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 50,407 share options, the exercise price is HK$1.51 per share and the exercisable period is between 23 March 2007 and 22 March 2017. For the remaining 13,106 share options, the exercise price is HK$4.84 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

5. This represents the interest of Dr. Wong Yun Kuen in 13,106 underlying shares issuable under the share options granted by the Company to him on 3 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$4.84 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

Save as disclosed above, as at 30 June 2011, 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 8 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 2010 Annual Report.

SHARE OPTION SCHEME *(Continued)*

Movement of share options under the Share Option Scheme during the six months ended 30 June 2011 was as follows:

Name or category of participant	Date of grant	Exercisable period	At 1 January 2011		Adjustment *(Note a)*		Number of share options	
			Exercise price per share HK$	Number of share options	Exercise price per share HK$	Number of share options	Lapse during the period	Outstanding at 30 June 2011
Directors								
Ng Shin Kwan, Christine	3.12.2007	3.12.2007 – 2.12.2017	12.20	1,678,000	4.84	4,229,106	–	4,229,106
Sun Ka Ziang, Henry	3.12.2007	3.12.2007 – 2.12.2017	12.20	5,200	4.84	13,106	–	13,106
Kwok Ming Fai	23.3.2007	23.3.2007 – 22.3.2017	3.80	20,000	1.51	50,407	–	50,407
	3.12.2007	3.12.2007 – 2.12.2017	12.20	5,200	4.84	13,106	–	13,106
Wong Yun Kuen	3.12.2007	3.12.2007 – 2.12.2017	12.20	5,200	4.84	13,106	–	13,106
Subtotal:				1,713,600		4,318,831	–	4,318,831
Employees other than directors in aggregate	23.3.2007	23.3.2007 – 22.3.2017	3.80	4,000	1.51	10,073	–	10,073
	3.12.2007	3.12.2007 – 2.12.2017	12.20	1,180,800	4.84	2,757,825	–	2,757,825
Subtotal:				1,184,800		2,767,898	–	2,767,898
Other participants in aggregate	3.12.2007	3.12.2007 – 2.12.2017	12.20	7,794,000	4.84	19,640,391	–	19,640,391
Subtotal:				7,794,000		19,640,391	–	19,640,391
Total:				10,692,400		26,727,120	–	26,727,120

Notes:

a. As a result of the Rights Issue which was completed on 31 January 2011, the relevant subscription price was adjusted from HK$3.80 and HK$12.20 to HK$1.51 and HK$4.84 respectively, and the number of outstanding of share options was adjusted accordingly.

b. The share options outstanding as at 30 June 2011 had no vesting periods.

c. No share options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2011.

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 30 June 2011 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 30 June 2011, 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	540,000,000 *(note 1)*	540,000,000	8.32%
All Sino Resources Limited	Interest held by controlled corporation	540,000,000 *(note 1)*	540,000,000	8.32%
Oriental Genesis Limited	Beneficial owner	540,000,000	540,000,000	8.32%

Note:

1. These shares were beneficially owned by Oriental Genesis Limited. Oriental Genesis Limited was 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 540,000,000 shares under the SFO.

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 30 June 2011 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 30 June 2011.

CORPORATE GOVERNANCE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2011 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 30 June 2011 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 30 June 2011.

By Order of the Board
China Yunnan Tin Minerals Group Company Limited
Zhang Guoqing
Chairman

Hong Kong, 30 August 2011