

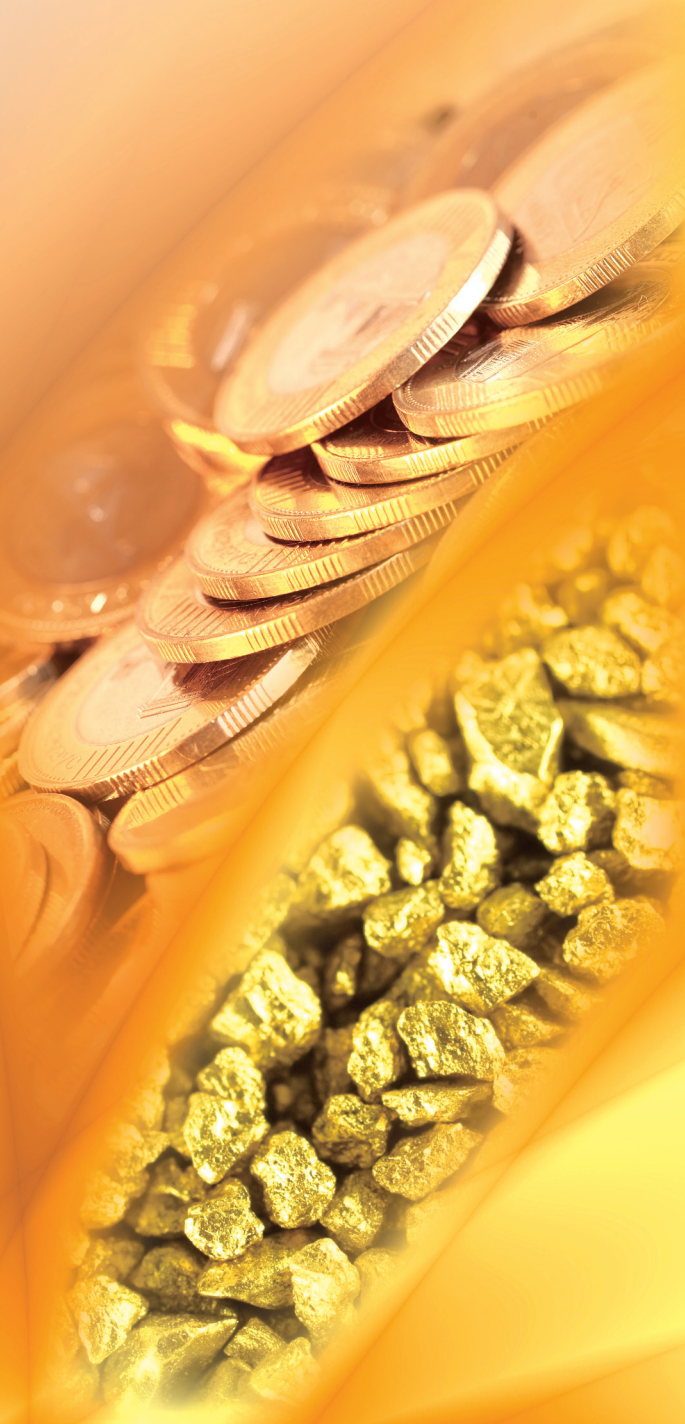
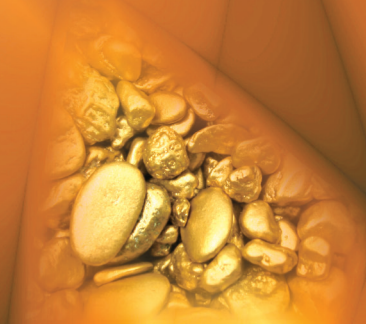


# CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 263)

Interim Report  
2012



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# 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

Wong Yun Kuen

Wong Shun Loy

Hu Chao

## AUDIT COMMITTEE

Wong Shun Loy (*Chairman*)

Wong Yun Kuen

Hu Chao

## NOMINATION COMMITTEE

Wong Yun Kuen (*Chairman*)

Wong Shun Loy

Hu Chao

Ng Shin Kwan, Christine

## REMUNERATION COMMITTEE

Hu Chao (*Chairman*)

Wong Yun Kuen

Wong Shun Loy

## COMPANY SECRETARY

Leung Ka Wai

## 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

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

Agricultural Bank of China, Yangshan Branch

## PRINCIPAL LEGAL ADVISERS

Reed Smith 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](http://www.cytmg.com)

# MANAGEMENT DISCUSSION AND OUTLOOK

## INTERIM RESULTS

The Group recorded a loss attributable to the Company's shareholders of approximately HK\$205,305,000 for the six months ended 30 June 2012 (2011: HK\$54,806,000) and loss per share was approximately 55.1 HK cents (2011: 23.5 HK cents (restated)). Despite the profits made by the Group's provision of finance segment and the gain resulting from the disposal of the jointly controlled entity for the period under review, an overall loss for the Group was reported due mainly to the recognition of unrealised loss on investment of marketable securities from the Group's securities investment operation and impairment loss on the mining right.

## BUSINESS REVIEW

During the period under review, the Group's businesses included trading of goods, provision of finance, brokerage and securities investment as well as minerals operation. The turnover of the Group for the period was decreased by approximately 58% to approximately HK\$8,537,000 (2011: HK\$20,485,000) with gross profit dropped by approximately 33% to approximately HK\$6,448,000 (2011: HK\$9,606,000).

### Trading operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2011: Nil). Although the Group has been placing its focus in the development of its other businesses in the past period, yet it will continue to explore suitable business opportunities on trading in the future.

### Finance operation

The interest income and operating profit generated by the financing operation were both decreased by approximately 48% and 50% to approximately HK\$4,978,000 (2011: HK\$9,538,000) and approximately HK\$4,738,000 (2011: HK\$9,518,000) respectively. Such decreases were primarily attributable to the lower average balance of loans advanced to customers compared to the same period of last year. It is the Group's policy to regularly review the composition of the loans portfolio and lending rates charged in order to maximise the return of this business operation.

### Brokerage and securities investment operation

The turnover of the brokerage and securities investment operation, being mainly the brokerage and commission income of the Group's securities brokerage division, increased by approximately 35% to approximately HK\$2,121,000 (2011: HK\$1,574,000) for the period under review. Such increase was contributed by the higher transaction volume of the securities brokerage activities and the commission income received through participation in fund raising activities of clients by the Group during the period under review.

Despite the profit in the securities brokerage division, this operation recorded an overall loss of approximately HK\$143,825,000 (2011: HK\$46,585,000) for the period under review mainly as a result of the recognition of a net loss on investment in securities amounting to approximately HK\$143,785,000 (2011: HK\$46,119,000). Such loss on investment in securities was attributable to the decline in the market price of listed securities held by the Group for investment purpose. As at 30 June 2012, the market value of the Group's listed securities portfolio amounted to approximately HK\$288,370,000 (at 31 December 2011: HK\$402,060,000).

# MANAGEMENT DISCUSSION AND OUTLOOK

## Minerals operation

The Group recorded a turnover for its minerals operation amounting to approximately HK\$1,438,000 (2011: HK\$9,373,000) and an operating loss of approximately HK\$61,202,000 (2011: HK\$2,431,000) during the period under review. The operating loss was mainly due to the recognition of impairment loss of HK\$57,000,000 on mining right which was mainly attributable to the decrease in market price of iron ore products during the first six months of 2012. The turnover from this operation was derived from (i) the trading and processing of iron ore purchased from other suppliers and (ii) trading and sales of iron ore extracted from a mixed metal mine (the "Mine") located at approximately 39 kilometers south-east of the Lian Nan County Town, which is also approximately 1.6 kilometer south-west of the Baidaitou Village Shanlian Township of Guangdong Province in the People's Republic of China (the "PRC") covering an area of approximately 0.4197 square kilometers.

After the completion of the acquisition of the Mine in September 2009 and up to present, the minerals operation was adversely affected by various factors which primarily due to the effect of persistent rainstorms in the Southern China Region together with the government road works and various measures taken by the local government over the mining operations during the year 2010 to 2012.

Upon completion of the acquisition, the Group started to reorganise the management and operational structure of the Mine. New capital was injected into the mining operation to recruit additional management and operational staff and acquire additional and new machineries and equipment. The infrastructure for the operation of the Mine was completed in late 2009 and the Group was able to commence its mining operation then. Nevertheless, in December 2009 and early 2010, the PRC Government ordered the closure of the main road of the Mine, which was a village road (the "Village Road"), for construction of a xian (省) road (the "Road") which will form part of the xian road named as "X383" and be connected to the rest of the districts. In view of the closure of the Village Road, the operation of the Mine had to be suspended. After being pressurised continuously by the relevant parties (including the Group) which were affected by the closure of the Village Road, the PRC Government undertook to speed up the construction process and the work in relation to the construction of the Road. The Road was finally opened for traffic use in December 2010. Nevertheless, the road works in relation to the Road still required further improvement and work and therefore, the usage of the Road was still under certain restrictions. The Group was only able to conduct some minor operation during the period subsequent to December 2011 and was not able to bring the Mine into full operation in view of the limited transportation flow issue.

During 2011, the operation of the Mine was still adversely affected by the weather condition of the period, the frequent rainstorms led to frequent suspension of the mining operation. Beside this, the opening of the "Universiade Shenzhen 2011" (2011世界大學生運動會) had also an adverse impact on the mining operation. In August of 2011, an order was made by the PRC Government for the complete ban on the use of any explosive materials by all operations in the Southern District of China during the period of the "Universiade Shenzhen 2011". As a result of this, the Mine was unable to conduct any proper operation.

On 31 October 2011, there was a serious geological disaster caused by the Lian Nan County Damaishan Mine (連南縣大麥山礦業場). On 16 February 2012, the Department of Land and Resources of Lian Nan Yao Autonomous County (連南瑤族自治縣國土資源局) issued a notice announcing that a complete review of all mining operations was to be conducted by the relevant departments of the said county and ordering the suspension of all mining operations in the Lian Nan County until further notice and/or approval (the "Order").

# MANAGEMENT DISCUSSION AND OUTLOOK

Although the Group, along with other mining operations in the vicinity, has been checking with the relevant authorities of the PRC Government as to when the Order will be uplifted, there is no clear indication as to when the affected mining operations can resume their businesses.

The Group anticipates that as soon as the Order is uplifted, the production of the Mine will resume and the performance of the minerals operation is expected to improve after that. Further announcement(s) will be issued by the Company if there is any significant development with respect to the Group's mining operation.

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

At 30 June 2012, the Group had current assets of approximately HK\$778,167,000 (at 31 December 2011: HK\$840,821,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$623,416,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2011: HK\$489,314,000). The Group's current ratio, calculated on the basis of current assets of HK\$778,167,000 over current liabilities of approximately HK\$31,591,000, was at strong level of approximately 24.6 (at 31 December 2011: ratio of 24.8). As at 30 June 2012, the Group had no bank and other borrowings (at 31 December 2011: Nil) and no finance lease obligation (at 31 December 2011: Nil).

At the end of the review period, the equity attributable to the Company's shareholders amounting to approximately HK\$1,253,151,000 (at 31 December 2011: HK\$1,464,607,000), which is equivalent to a consolidated net asset value of about approximately HK\$3.22 per share of the Company (at 31 December 2011: HK\$4.51 per share (restated for the share consolidation effective in January 2012)).

### 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 2012, the Group has no fixed asset (at 31 December 2011: Nil) being pledged as security for the Group's finance lease obligation.

### Capital Commitment

At 30 June 2012, the Group has capital commitments of HK\$8,300,000 in respect of the acquisition of property, plant and equipment (at 31 December 2011: HK\$8,300,000).

### Contingent Liability

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

# MANAGEMENT DISCUSSION AND OUTLOOK

## MATERIAL ACQUISITIONS AND DISPOSALS

Reference is made to the Company's announcement dated on 12 August 2011 and circular dated on 29 September 2011. The Company and Treasure Smart Limited ("Treasure Smart") entered into a sale and purchase agreement for the sale and purchase of the entire issued share capital in (the "Sale Share") and shareholders' loan extended to (the "Sale Debt"), Broadmeadow Investments Limited ("Broadmeadow"), a wholly-owned subsidiary of the Company, which directly holds 30% equity interest in Shanghai Hong Qiao Friendship Shopping Center Company Limited ("Hong Qiao"). Pursuant to the agreement, the Company agreed to sell the Sale Share and the Sale Debt and Treasure Smart agreed to purchase the Sale Share and the Sale Debt for an aggregate consideration of HK\$80,000,000. The transaction was completed on 28 February 2012 and Hong Qiao ceased to be a jointly controlled entity of the Group since then. The gain on disposal of Broadmeadow of approximately HK\$17,531,000 (including HK\$12,107,000 arose from reclassification of translation reserve from equity to profit or loss) was recognised in the accounts of the Group.

## EMPLOYEES AND REMUNERATION POLICY

At 30 June 2012, the Group had approximately 74 employees (at 30 June 2011: 89 employees) including executive directors. Total staff costs incurred during the period (including directors' remuneration) was approximately HK\$8,150,000, representing an decrease of approximately 11% when compared to HK\$9,191,000 as recorded in the same period last year. The decrease in staff cost was mainly due to the decrease 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

Prospect of the global economic environment become complicated and uncertain, the risk of further volatility in the global economy still remains. In Eurozone, it is believed that the effect of the euro debt crisis has not yet been fully manifested. In PRC, some signals are also appearing to show that its economy is slowing down as a result of the worsening external environment. While such market uncertainty is expected to continue, the Group still remains optimistic on the long-term prospects of the industry.

The activities of the Mine were seriously obstructed during the review period due to the suspension of the mining operation by the government of Lian Nan Yao Autonomous County. The Group anticipates that as soon as the Order is uplifted, the production of the Mine will resume and the performance of the minerals operation is expected to improve after that and the Group is still 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.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**PAN-CHINA (H.K.) CPA LIMITED** Certified Public Accountants

**天健(香港)會計師事務所有限公司**

**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 8 to 27, 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 2012 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 2012, 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, 29 August 2012

**Lee Ping Kai**

Practising Certificate Number P02976



# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012	2011
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	<b>8,537</b>	20,485
Cost of sales		<b>(2,089)</b>	(10,879)
Gross profit		<b>6,448</b>	9,606
Net loss on financial assets at fair value through profit or loss	5	<b>(143,785)</b>	(46,119)
Change in fair value of convertible bonds designated at financial assets at fair value through profit or loss		–	119
Impairment loss on mining right	12	<b>(57,000)</b>	–
Gain on disposal of subsidiaries and a jointly controlled entity	9	<b>17,531</b>	–
Other income	5	<b>2,121</b>	1,740
Administrative expenses		<b>(34,253)</b>	(26,971)
Finance costs		<b>(102)</b>	(35)
Share of profit of a jointly controlled entity		<b>2,134</b>	6,488
Loss before taxation		<b>(206,906)</b>	(55,172)
Income tax credit	4	–	366
<b>Loss for the period</b>	5	<b>(206,906)</b>	(54,806)
Attributable to:			
Owners of the Company		<b>(205,305)</b>	(54,806)
Non-controlling interests		<b>(1,601)</b>	–
		<b>(206,906)</b>	(54,806)
			(restated)
<b>Loss per share</b>	7		
– Basic and diluted (HK cents per share)		<b>(55.1)</b>	(23.5)

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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss for the period</b>	<b>(206,906)</b>	(54,806)
<b>Other comprehensive expenses</b>		
Exchange differences arising on translation of overseas operations	<b>(661)</b>	2,140
Reclassification adjustment for disposal of subsidiaries and a jointly controlled entity	<b>(12,107)</b>	–
Fair value change in available-for-sale financial assets	<b>(15,910)</b>	(5,096)
Other comprehensive expenses for the period (net of tax)	<b>(28,678)</b>	(2,956)
<b>Total comprehensive expenses for the period</b>	<b>(235,584)</b>	(57,762)
Attributable to:		
Owners of the Company	<b>(233,983)</b>	(57,762)
Non-controlling interests	<b>(1,601)</b>	–
	<b>(235,584)</b>	(57,762)

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	9,975	11,778
Interest in a jointly controlled entity	9	–	73,159
Available-for-sale financial assets	10	254,591	270,287
Other assets	11	2,205	2,205
Trading right		–	–
Mining right	12	359,019	416,019
Goodwill		38,679	38,679
		<b>664,469</b>	812,127
<b>Current assets</b>			
Inventories		1,099	1,510
Trade and other receivables	13	53,400	38,714
Earnest money	14	–	190,000
Financial assets at fair value through profit or loss	15	288,370	402,060
Short-term loans receivable		80,000	110,000
Tax recoverable		470	469
Bank balances held under segregated trust accounts	16	19,782	10,814
Bank balances and cash		335,046	87,254
		<b>778,167</b>	840,821
<b>Current liabilities</b>			
Trade and other payables	17	23,591	24,557
Tax payable		–	29
Provision	18	8,000	9,250
		<b>31,591</b>	33,836
<b>Net current assets</b>		<b>746,576</b>	806,985
<b>Total assets less current liabilities</b>		<b>1,411,045</b>	1,619,112

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2012

	Notes	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		154,505	154,505
<b>Net assets</b>		<b>1,256,540</b>	1,464,607
<b>Capital and reserves</b>			
Share capital	19	3,894	324,521
Reserves		1,249,257	1,140,086
Equity attributable to owners of the Company		1,253,151	1,464,607
Non-controlling interests		3,389	–
<b>Total equity</b>		<b>1,256,540</b>	1,464,607

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 2012

	Equity attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Available-for-sale financial assets reserve	Share option reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2012	324,521	1,922,626	6,724	(17,078)	53,017	(825,203)	1,464,607	-	1,464,607
Loss for the period	-	-	-	-	-	(205,305)	(205,305)	(1,601)	(206,906)
Reclassification adjustment for disposal of subsidiaries and a jointly controlled entity	-	-	(12,107)	-	-	-	(12,107)	-	(12,107)
Exchange differences arising on translation of overseas operations	-	-	(661)	-	-	-	(661)	-	(661)
Fair value change in available-for-sale financial assets	-	-	-	(15,910)	-	-	(15,910)	-	(15,910)
Total comprehensive expenses for the period	-	-	(12,768)	(15,910)	-	(205,305)	(233,983)	(1,601)	(235,584)
Share consolidation and capital reduction	(321,276)	321,276	-	-	-	-	-	-	-
Lapse of share options	-	-	-	-	(152)	152	-	-	-
Issue of shares pursuant to placement of shares	649	23,040	-	-	-	-	23,689	-	23,689
Share issue expenses on placement of shares	-	(1,162)	-	-	-	-	(1,162)	-	(1,162)
Non-controlling interest arising from deemed disposal of a subsidiary	-	-	-	-	-	-	-	4,990	4,990
	(320,627)	343,154	-	-	(152)	152	22,527	4,990	27,517
<b>At 30 June 2012</b>	<b>3,894</b>	<b>2,265,780</b>	<b>(6,044)</b>	<b>(32,988)</b>	<b>52,865</b>	<b>(1,030,356)</b>	<b>1,253,151</b>	<b>3,389</b>	<b>1,256,540</b>
At 1 January 2011	30,048	1,683,812	3,894	(12,418)	53,105	(388,941)	1,369,500	-	1,369,500
Loss for the period	-	-	-	-	-	(54,806)	(54,806)	-	(54,806)
Exchange differences arising on translation of overseas operations	-	-	2,140	-	-	-	2,140	-	2,140
Fair value change in available-for-sale financial assets	-	-	-	(5,096)	-	-	(5,096)	-	(5,096)
Total comprehensive expenses for the period	-	-	2,140	(5,096)	-	(54,806)	(57,762)	-	(57,762)
Issue of shares pursuant to rights issue	240,386	240,386	-	-	-	-	480,772	-	480,772
Issue of shares pursuant to placement of shares	54,087	12,981	-	-	-	-	67,068	-	67,068
Share issue expenses on rights issue	-	(12,626)	-	-	-	-	(12,626)	-	(12,626)
Share issue expenses on placement of shares	-	(1,927)	-	-	-	-	(1,927)	-	(1,927)
	294,473	238,814	-	-	-	-	533,287	-	533,287
At 30 June 2011	324,521	1,922,626	6,034	(17,514)	53,105	(443,747)	1,845,025	-	1,845,025

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Net cash used in operating activities</b>	<b>(38,962)</b>	(111,762)
<b>Net cash generated from/(used in) investing activities</b>		
Refund/(payment) of earnest money	190,000	(200,000)
Proceeds from disposal of subsidiaries and a jointly controlled entity	70,000	–
Purchase of available-for-sale investments	–	(133,950)
Acquisition of property, plant and equipment	(641)	(457)
Proceeds from share capital contributed by non-controlling interest of a subsidiary	4,990	–
Interest income	5	20
Proceeds from disposal of property, plant and equipment	–	6
	<b>264,354</b>	(334,381)
<b>Net cash generated from financing activities</b>		
Repayment of finance lease obligation	–	(299)
Proceeds from issue of shares, net of share issue expenses paid	22,526	533,287
	<b>22,526</b>	532,988
<b>Net increase in cash and cash equivalents</b>	<b>247,918</b>	86,845
<b>Effect of foreign exchange rate changes</b>	<b>(126)</b>	341
<b>Cash and cash equivalents brought forward</b>	<b>87,254</b>	147,414
<b>Cash and cash equivalents carried forward, represented by bank balances and cash</b>	<b>335,046</b>	234,600

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 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 2011.

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 2012:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

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.

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

For the six months ended 30 June 2012

## 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 2012

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited)	Exploitation and sales of minerals HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>TURNOVER</b>						
External sales	-	4,978	2,121	1,438	-	8,537
Inter-segment sales*	-	-	52	-	(52)	-
Total	-	4,978	2,173	1,438	(52)	8,537
<b>RESULTS</b>						
Segment results	(32)	4,738	(143,825)	(61,202)	-	(200,321)
Unallocated corporate income						17,728
Unallocated corporate expenses						(26,345)
Finance costs						(102)
Share of profit of a jointly controlled entity						2,134
Loss before taxation						(206,906)
Income tax expense						-
Loss for the period						(206,906)

Impairment loss of HK\$57,000,000 on mining right was included in the segment results of the exploitation and sales of minerals segment.



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

For the six months ended 30 June 2012

## 3. Turnover and segment information *(Continued)*

Six months ended 30 June 2011

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited)	Exploitation and sales of minerals HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>TURNOVER</b>						
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
<b>RESULTS</b>						
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)

\* *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 30 June 2012

## 4. Income tax credit

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	–	62
<b>Deferred tax</b>		
Current period	–	(428)
Total taxation credited for the period	–	(366)

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% (2011: 25%).

## 5. Loss for the period

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss for the period has been arrived at after charging:</b>		
Staff costs including directors' remuneration	7,968	8,942
Retirement benefits schemes contributions	182	249
Total staff costs	8,150	9,191
Amortisation of mining right	–	1,711
Depreciation of property, plant and equipment	2,412	1,451
Foreign exchange loss, net	3	1
Cost of inventories recognised as expenses	1,688	9,373

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

For the six months ended 30 June 2012

## 5. Loss for the period *(Continued)*

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>and after crediting:</b>		
Other income		
Interest income on:		
Bank deposits	5	20
Other loan and receivables	1,264	1,290
Total interest income	1,269	1,310
Sundry income	852	430
	2,121	1,740
<b>Net loss on financial assets at fair value through profit or loss:</b>		
Net realised loss on financial assets at fair value through profit or loss	(18,963)	(6,798)
Unrealised loss on financial assets at fair value through profit or loss	(124,822)	(39,321)
	(143,785)	(46,119)

## 6. Dividends

No dividends were declared during the period (six months ended 30 June 2011: Nil).

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

For the six months ended 30 June 2012

## 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	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss attributable to owners of the Company	<b>(205,305)</b>	(54,806)

	Six months ended 30 June	
	2012	2011
	'000	'000
	(unaudited)	(unaudited)
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic loss per share	<b>372,661</b>	233,109

(restated)

The effects of the share consolidation on 18 January 2012 has 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 2011 had been adjusted accordingly.

Basic and diluted loss per share for the six months ended 30 June 2012 and 2011 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\$80,000 and motor vehicle of HK\$561,000 (six months ended 30 June 2011: costs for furniture and fixtures of HK\$88,000 and motor vehicle of HK\$370,000).

As at 30 June 2012, the Group has no property, plant and equipment (as at 31 December 2011: Nil) which was held under a finance lease.

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

For the six months ended 30 June 2012

## 9. Interest in a jointly controlled entity

On 12 August 2011, the Company and Treasure Smart Limited (“Treasure Smart”) entered into a sale and purchase agreement for the sale and purchase of the entire issued share capital in (the “Sale Share”) and shareholders’ loan extended to (the “Sale Debt”) Broadmeadow Investments Limited (“Broadmeadow”), a wholly-owned subsidiary of the Company, which indirectly holds 30% equity interest in Shanghai Hong Qiao Friendship Shopping Center Company Limited (“Hong Qiao”). Pursuant to the agreement, the Company agreed to sell the Sale Share and the Sale Debt and Treasure Smart agreed to purchase the Sale Share and the Sale Debt for an aggregate consideration of HK\$80,000,000.

The transaction was completed on 28 February 2012 and Hong Qiao ceased to be a jointly controlled entity of the Group since then. Details of the transaction are set out in the circular of the Company dated 29 September 2011.

Based on the audited result of Broadmeadow as at the disposal date, there was a gain on disposal of Broadmeadow of approximately HK\$17,531,000 (including HK\$12,107,000 arose from reclassification of translation reserve from equity to profit or loss).

## 10. 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 relevant 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 namely HEC Capital Limited (“HEC”) and Freeman Securities Limited (“Freeman”), which are held for an identified long term strategic purpose.

On 16 April 2012, the Group was informed by Cordoba Homes Limited (“Cordoba”), a company which the Group was interested in 215,000,000 shares (representing about 5.65% of the total issued share capital of Cordoba then), that Cordoba was to undergo a capital reorganisation (“Reorganisation”) whereby Cordoba was to consolidate its shares on a 10 for 1 basis and a holding company, HEC, would be formed for the purpose of holding a 100% interest in Cordoba. Upon the Reorganisation, the percentage of shareholding interest held by the Group in HEC, which holds 100% of Cordoba, remained to be the same as before.

On 17 April 2012, the Group was informed by Hennabun Capital Group Limited (“Hennabun”), a company which the Group was interested in 15,000,000 shares (representing about 3.13% of the total issued share capital of Hennabun then), that Hennabun was to undergo a reorganisation exercise to streamline its group structure (the “Restructuring”). HEC, through Cordoba, held approximately 48% of Hennabun, prior to the Restructuring. Pursuant to the Restructuring, Hennabun was to allot and issue 249,154,460 new shares to Allied Well Development Limited, a wholly-owned subsidiary of HEC, in exchange for 249,154,460 new shares of HEC. All shareholders of Hennabun, other than HEC or its subsidiaries, would have their shares in Hennabun cancelled and received in turn the equivalent number of shares in HEC. Upon the Restructuring, HEC would hold 100% of the entire issued share capital of Hennabun. Since HEC and Hennabun shares were roughly in value, the interests of the Hennabun shareholders were not altered or adversely affected as a result of the Restructuring.

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

For the six months ended 30 June 2012

## 10. Available-for-sale financial assets *(Continued)*

As a result of the Reorganisation and Restructuring, the Group is now interested in 36,500,000 shares in HEC (representing about 5.52% of the total issued share capital of HEC) as at 30 June 2012 and has ceased to have any direct shareholding in Cordoba and Hennabun respectively.

On initial and subsequent recognition, the investments in unlisted securities were measured at fair value and no fair value change (loss on six months ended 30 June 2011: HK\$19,048,000) was recognised in other comprehensive income for the six months ended 30 June 2012. The fair value of the equity interest in HEC and Freeman at 30 June 2012 has been arrived at on the basis of a valuation carried out by Malcolm & Associates Appraisal Limited, an independent qualified professional valuer.

The directors of the Company have reviewed the recoverable amount of the available-for-sale financial assets as at 30 June 2012 and considered no further impairment loss should be made.

## 11. 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.

## 12. Mining right

The mining right at the reporting date represents the mining right licence acquired by the Group in September 2009 in relation to a magnetite iron ore mine situated at the Guangdong Province, the PRC, 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 2012, no amortisation provided by the Group in relation to the mining right (six months ended 30 June 2011: HK\$1,711,000).

The fair value of the mining right licence at 30 June 2012 has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited, an independent qualified professional valuer and an impairment loss of HK\$57,000,000 was recognised in the consolidated income statement for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil), under the assumption that the Group can renew the mining right licence indefinitely till all proven reserves have been mined. The impairment loss was mainly attributable to the decrease in market price of iron ore products during the first six months of 2012.

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

For the six months ended 30 June 2012

## 13. Trade and other receivables

	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
Trade receivables	<b>36,188</b>	25,127
Less: Impairment loss recognised	<b>(1,490)</b>	(1,490)
	<b>34,698</b>	23,637
Deposits, other receivables and prepayments	<b>19,058</b>	15,433
Less: Impairment loss recognised, in respect of other receivables	<b>(356)</b>	(356)
	<b>18,702</b>	15,077
	<b>53,400</b>	38,714

Details of trade receivables are as follows:

	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
Trade receivables arising from securities dealing business:		
Margin account clients	<b>29,328</b>	17,171
Cash account clients	<b>5,359</b>	5,469
Clearing house	<b>989</b>	–
Marks receivables	<b>24</b>	–
Others	<b>296</b>	297
	<b>35,996</b>	22,937
Trade receivables arising from mining business	<b>192</b>	2,190
	<b>36,188</b>	25,127

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.

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

*For the six months ended 30 June 2012*

## **14. Earnest money**

During the year ended 31 December 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.

The Proposed Acquisition was terminated on 30 September 2011 and the HK\$200,000,000 earnest money was fully refunded to the Group during the six months ended 30 June 2012.

Details of the transactions are set out in the Company’s announcements dated 14 January 2011, 10 March 2011, 21 March 2011, 8 June 2011, 9 June 2011 and 30 September 2011.

## **15. 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.

## **16. 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.



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

For the six months ended 30 June 2012

## 17. Trade and other payables

	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
Trade payables	22,471	11,862
Other payables and accruals	1,120	12,695
	<b>23,591</b>	<b>24,557</b>

Details of trade payables are as follows:

	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
Trade payables arising from securities dealing business:		
Cash account clients	14,387	3,945
Clearing house	22	128
Margin account clients	7,669	7,042
	<b>22,078</b>	<b>11,115</b>
Trade payables arising from mining business	<b>393</b>	<b>747</b>
	<b>22,471</b>	<b>11,862</b>

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

*For the six months ended 30 June 2012*

## **17. Trade and other payables** *(Continued)*

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.

As at 30 June 2012, trade payables arising from the mining business of the Group were all due within 60 days.

## **18. 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 and the former employee was convicted by the High Court of Hong Kong in 2009.

During the year ended 31 December 2011, a writ of summons from the Intermediate Court of Jiangsu Province, the PRC, was issued by an individual against the subsidiary, claiming for RMB1,103,000 (equivalent to HK\$1,359,000) plus interest. The claim was settled in March 2012 by RMB600,000 (equivalent to HK\$730,000) and deducted from the provision, of which HK\$1,250,000 was provided for this individual during the year ended 31 December 2008. The remaining provision in respect of this individual amounting to HK\$520,000 was written off as sundry income.

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 six months ended 30 June 2012. As the investigation of the matter by the enforcement agency is in progress, the directors cannot reasonably predict the outcome of the matter, the possible maximum penalty of HK\$10,000,000 is therefore regarded as a contingent liability of the Group as at 30 June 2012 and 31 December 2011.

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

For the six months ended 30 June 2012

## 19. Share capital

	Notes	Number of shares '000	Amount HK\$'000 (unaudited)
Authorised:			
At 1 January 2012, ordinary shares of HK\$0.05 each		9,000,000	450,000
Share Consolidation	a(i)	(8,550,000)	–
Ordinary shares of HK\$1.00 each		450,000	450,000
Capital Reduction	a(ii)	–	(445,500)
Ordinary shares of HK\$0.01 each		450,000	4,500
Increase in authorised share capital	a(iii)	44,550,000	445,500
At 30 June 2012, ordinary shares of HK\$0.01 each		45,000,000	450,000
Issued and fully paid:			
At 1 January 2012, ordinary shares of HK\$0.05 each		6,490,426	324,521
Share Consolidation	a(i)	(6,165,905)	–
Ordinary shares of HK\$1.00 each		324,521	324,521
Capital Reduction	a(ii)	–	(321,276)
At 30 June 2012, ordinary shares of HK\$0.01 each		324,521	3,245
Issue of shares	b	64,900	649
At 30 June 2012, ordinary shares of HK\$0.01 each		389,421	3,894

Notes:

Details of the changes in the Company's share capital for the six months ended 30 June 2012 are as follows:

- (a) Special resolution approving the capital reorganisation was passed at the extraordinary general meeting of the Company held on 5 January 2012 (the "Capital Reorganisation"), which became effective on 18 January 2012. Details of the Capital Reorganisation are set out below:
- (i) every twenty (20) issued and unissued shares of HK\$0.05 each in the share capital of the Company be consolidated into one (1) share of HK\$1.00 each (the "Consolidated Share(s)") in the share capital of the Company (the "Share Consolidation");
  - (ii) the nominal value of the Consolidated Shares in issue was reduced from HK\$1.00 to HK\$0.01 each (the "Adjusted Share(s)") by canceling the issued and paid-up capital to the extent of HK\$0.99 on each of the Consolidated Share (the "Capital Reduction");

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

For the six months ended 30 June 2012

## 19. Share capital *(Continued)*

- (iii) subsequent to the Share Consolidation and Capital Reduction, the authorised share capital of the Company was increased from HK\$4,500,000 divided into 450,000,000 Adjusted Shares to HK\$450,000,000 divided into 45,000,000,000 Adjusted Shares by the creation of additional 44,550,000,000 new Adjusted Shares; and
  - (iv) a credit of approximately HK\$321,276,000 arose as a result of the Capital Reorganisation and was credited to the share premium account of the Company.
- (b) Pursuant to a placing agreement dated 8 February 2012, 64,900,000 shares were issued and allotted at a consideration of HK\$0.365 per share on 17 February 2012.

## 20. Capital commitments

The Group had capital commitments as follows:

	As at 30 June 2012 HK\$'000 (unaudited)	As at 31 December 2011 HK\$'000 (audited)
Commitments for the acquisition of property, plant and equipment	8,300	8,300

## 21. Contingent liabilities

Save as disclosed in note 18, the Group and the Company had no material contingent liability as at 30 June 2012 and 31 December 2011.

## 22. 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	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Short-term employee benefits	1,744	1,487
Retirement benefits schemes contributions	6	6
	<b>1,750</b>	<b>1,493</b>

## 23. Events after the end of the reporting period

There was no other significant event took place subsequent to the end of the reporting period.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2012. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (2011: Nil).

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

As at 30 June 2012, 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	825,880 (note 1)	–	848,960	0.22%
	Beneficial owner	23,080	–		
Ng Shin Kwan, Christine	Beneficial owner	–	211,455 (note 2)	211,455	0.05%
Wong Yun Kuen	Beneficial owner	9,000	655 (note 3)	9,655	0.00%

*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 825,880 shares under the SFO.
2. This represents the interest of Ms. Ng Shin Kwan, Christine in 211,455 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\$96.80 per share and the exercisable period is between 3 December 2007 and 2 December 2017.
3. This represents the interest of Dr. Wong Yun Kuen in 655 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\$96.80 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

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

Save as disclosed above, as at 30 June 2012, 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 2011 Annual Report.

## OTHER INFORMATION *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

Movement of share options under the Share Option Scheme during the six months ended 30 June 2012 was as follows:

Name or category of participant	Date of grant	Exercisable period	At 1 January 2012		Adjustment <i>(Note a)</i>		Number of share options	
			Exercise price per share HK\$	Number of share options	Exercise price per share HK\$	Number of share options	Lapsed during the period	Outstanding at 30 June 2012
<b>Directors</b>								
Ng Shin Kwan, Christine	3.12.2007	3.12.2007 – 2.12.2017	4.84	4,229,106	96.8	211,455	–	211,455
Sun Ka Ziang, Henry <i>(note b)</i>	3.12.2007	3.12.2007 – 2.12.2017	4.84	13,106	96.8	655	(655)	–
Kwok Ming Fai <i>(note b)</i>	23.3.2007	23.3.2007 – 22.3.2017	1.51	50,407	30.2	2,520	(2,520)	–
	3.12.2007	3.12.2007 – 2.12.2017	4.84	13,106	96.8	655	(655)	–
Wong Yun Kuen	3.12.2007	3.12.2007 – 2.12.2017	4.84	13,106	96.8	655	–	655
Subtotal:				4,318,831		215,940	(3,830)	212,110
<b>Employees other than directors in aggregate</b>								
	3.12.2007	3.12.2007 – 2.12.2017	4.84	2,723,549	96.8	136,178	–	136,178
Subtotal:				2,723,549		136,178	–	136,178
<b>Other participants in aggregate</b>								
	3.12.2007	3.12.2007 – 2.12.2017	4.84	19,640,391	96.8	982,020	–	982,020
Subtotal:				19,640,391		982,020	–	982,020
<b>Total:</b>				26,682,771		1,334,138	(3,830)	1,330,308

*Notes:*

- As a result of the Capital Reorganisation which was completed on 18 January 2012, the relevant subscription price was adjusted from HK\$1.51 and HK\$4.84 to HK\$30.20 and HK\$96.80 respectively, and the number of outstanding share options was adjusted accordingly.
- On 1 March 2012, Mr. Sun Ka Ziang, Henry and Mr. Kwok Ming Fai both resigned as independent non-executive directors of the Company. Pursuant to the Share Option Scheme, the share options granted to them were lapsed with immediate effect and not be exercisable following their resignation from the Company.
- There was no vesting period for the share options granted by the Company.
- No share options were granted and exercised during the six months ended 30 June 2012.

### 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 2012 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 2012, 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	27,000,000 <i>(note 1)</i>	27,000,000	6.93%
All Sino Resources Limited	Interest held by controlled corporation	27,000,000 <i>(note 1)</i>	27,000,000	6.93%
Oriental Genesis Limited	Beneficial owner	27,000,000	27,000,000	6.93%
HEC Capital Limited	Interest held by controlled corporation	22,131,883	22,131,883	5.68%

*Note:*

- 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 27,000,000 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 2012 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 2012.

### **REVIEW OF INTERIM REPORT**

The Company's unaudited interim financial report for the six months ended 30 June 2012 have been reviewed by the Audit Committee and external auditors of the Company.

### **CORPORATE GOVERNANCE CODE**

The Code on Corporate Governance Practices (the "Former Code") as set out in Appendix 14 of the Listing Rules was revised to, and renamed as, Corporate Governance Code (the "Revised Code") from 1 April 2012. The Company has complied with the code provisions of the Former Code during the period from 1 January 2012 to 31 March 2012 and the Revised Code during the period from 1 April 2012 to 30 June 2012, except for the first part of code provision E.1.2 of the Revised Code, the chairman of the Board, Dr. Zhang Guoqing, did not attend the annual general meeting held on 1 June 2012 (the "Meeting") as he had another business engagement. The executive director of the Company, who took the chair of the Meeting, and other members of the Board together with the chairmen of the Audit, Nomination and Remuneration Committees and all other members of each of the Audit, Nomination and Remuneration Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Nomination and Remuneration Committees who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 2012.

By Order of the Board

**China Yunnan Tin Minerals Group Company Limited**

**Zhang Guoqing**

*Chairman*

Hong Kong, 29 August 2012