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**CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED**

**中國雲錫礦業集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 263)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**INTERIM RESULTS**

The board of directors (the “Board”) of China Yunnan Tin Minerals Group Company Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 together with comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2014*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>1,628</b>	1,786
Cost of sales		<b>(320)</b>	(238)
Gross profit		<b>1,308</b>	1,548
Net gain/(loss) on financial assets at fair value through profit or loss	5	<b>102,508</b>	(92,764)
Gain on disposal of available-for-sale financial assets		–	3,555
Impairment loss on mining right	8	<b>(59,000)</b>	–
Reversal of impairment loss on mining right	8	–	73,000
Other income	5	<b>1,870</b>	1,925
Administrative expenses		<b>(30,377)</b>	(36,444)
Finance costs		<b>(1,112)</b>	(105)
Profit/(loss) before taxation		<b>15,197</b>	(49,285)
Income tax credit/(expenses)	4	<b>14,750</b>	(18,706)
<b>Profit/(loss) for the period</b>	5	<b>29,947</b>	<b>(67,991)</b>

		<b>Six months ended 30 June</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Attributable to:			
Owners of the Company		<b>29,947</b>	(67,991)
Non-controlling interests		<u>–</u>	<u>–</u>
		<b><u>29,947</u></b>	<b><u>(67,991)</u></b>
<b>Earnings/(loss) per share</b>			
– Basic and diluted (HK cents per share)	6	<b><u>7.69</u></b>	<b><u>(17.5)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2014*

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit/(loss) for the period</b>	<u><b>29,947</b></u>	<u>(67,991)</u>
<b>Other comprehensive income/(expenses)</b>		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of overseas operations	(9,400)	3,742
Fair value change in available-for-sale financial assets	<u>–</u>	<u>(18,021)</u>
Other comprehensive expenses for the period (net of tax)	<u>(9,400)</u>	<u>(14,279)</u>
<b>Total comprehensive income/(expenses) for the period</b>	<u><b>20,547</b></u>	<u>(82,270)</u>
Attributable to:		
Owners of the Company	20,547	(82,270)
Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>20,547</b></u>	<u>(82,270)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		18,527	20,228
Available-for-sale financial assets	7	235,414	234,333
Other assets		2,230	2,205
Trading right		–	–
Mining right	8	200,000	259,000
		456,171	515,766
<b>Current assets</b>			
Inventories		924	948
Trade and other receivables	9	27,114	64,000
Earnest money	10	300,000	300,000
Financial assets at fair value through profit or loss		508,636	405,370
Tax recoverable		217	219
Bank balances held under segregated trust accounts		15,461	44,477
Bank balances and cash		35,063	51,498
		887,415	866,512
<b>Current liabilities</b>			
Trade and other payables	11	43,706	88,195
Tax payable		260	260
Provision	12	8,000	8,000
		51,966	96,455
<b>Net current assets</b>		835,449	770,057
<b>Total assets less current liabilities</b>		1,291,620	1,285,823
<b>Non-current liabilities</b>			
Deferred tax liabilities		50,000	64,750
<b>Net assets</b>		1,241,620	1,221,073
<b>Capital and reserves</b>			
Share capital	13	2,269,674	3,894
Reserves		(1,031,434)	1,213,799
Equity attributable to owners of the Company		1,238,240	1,217,693
Non-controlling interests		3,380	3,380
<b>Total equity</b>		1,241,620	1,221,073

Notes:

## 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 2013.

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 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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 and income tax credit or expense.

## Segment Turnover and Results

Six months ended 30 June 2014

	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	-	-	1,628	-	-	1,628
Inter-segment sales*	-	-	62	-	(62)	-
Total	-	-	1,690	-	(62)	1,628
<b>RESULTS</b>						
Segment results	(7)	(1,614)	102,473	(61,127)	-	39,725
Unallocated corporate income						411
Unallocated corporate expenses						(23,827)
Finance costs						(1,112)
Profit before taxation						15,197
Income tax credit						14,750
Profit for the period						29,947

Impairment of HK\$59,000,000 on mining right was included in the segment results of the exploitation and sales of minerals segment.

Six months ended 30 June 2013

	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	-	329	1,457	-	-	1,786
Inter-segment sales*	-	-	15	-	(15)	-
Total	-	329	1,472	-	(15)	1,786
<b>RESULTS</b>						
Segment results	-	168	(92,410)	69,693	-	(22,549)
Unallocated corporate income						3,555
Unallocated corporate expenses						(30,186)
Finance costs						(105)
Loss before taxation						(49,285)
Income tax expenses						(18,706)
Loss for the period						(67,991)

Reverse of impairment of HK\$73,000,000 on mining right was included in the segment results of the exploitation and sales of minerals segment.

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

#### 4. INCOME TAX (CREDIT)/EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax – underprovision in prior year	–	451
PRC Enterprise Income Tax – underprovision in prior year	–	5
	<u>–</u>	<u>456</u>
<b>Deferred tax</b>		
Current period	<u>(14,750)</u>	<u>18,250</u>
Income tax (credit)/expenses for the period	<u><u>(14,750)</u></u>	<u><u>18,706</u></u>

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits 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% (2013: 25%).

#### 5. PROFIT/(LOSS) FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Profit/(loss) for the period has been arrived at after charging:</b>		
Staff costs including directors' remuneration	<b>8,944</b>	8,425
Retirement benefits schemes contributions	<b>223</b>	218
	<u><b>9,167</b></u>	<u>8,643</u>
Total staff costs		
Amortisation of mining right	–	–
Depreciation of property, plant and equipment	<b>1,665</b>	1,944
Foreign exchange loss, net	<b>28</b>	5
Cost of inventories recognised as expenses	–	–
	<u><u>–</u></u>	<u><u>–</u></u>
<b>and after crediting:</b>		
Interest income on:		
Bank deposits	<b>5</b>	4
Other loan and receivables	<b>924</b>	1,728
	<u><b>929</b></u>	<u>1,732</u>
Total interest income		
Gain on disposal of property, plant and equipment	<b>400</b>	–
Sundry income	<b>541</b>	193
	<u><u><b>1,870</b></u></u>	<u><u>1,925</u></u>

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Net gain/(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	(13,765)	(2,881)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	<u>116,273</u>	<u>(89,883)</u>
	<u><b>102,508</b></u>	<u>(92,764)</u>

## 6. EARNINGS/(LOSS) PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit/(loss)</b>		
Profit/(loss) attributable to owners of the Company	<u>29,947</u>	<u>(67,991)</u>

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<i>'000</i>	<i>'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic earnings/(loss) per share	<u>389,421</u>	<u>389,421</u>

Basic and diluted loss per share for the six months ended 30 June 2014 and 2013 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.

## 7. 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 end of the reporting period represent the Group's listed investment in Aurelia Metals Limited (formerly known as 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 end of the reporting period represent the Group's investment in unlisted equity securities issued by a private entity namely HEC Capital Limited ("HEC") which is held for an identified long term strategic purpose. The Group was interested in 36,500,000 shares in HEC (representing about 3.77% of the total issued share capital of HEC) as at 30 June 2014. These investments are measured at cost less impairment at the end of the reporting period.

As a result of the impairment assessment, the directors of the Company consider that no objective evidence of impairment was identified at 30 June 2014, and no impairment was recognised for the six months ended 30 June 2014 accordingly.

## 8. MINING RIGHT

The mining right as at 30 June 2014 represents the mining right licence of a magnetite iron ore mine situated at the Guangdong Province, the PRC (the “Mine”), expiring on 24 December 2015.

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 reviews 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”). The Group has been in contact with the relevant government authorities of the PRC (the “Authorities”) pursuing when the Order will be uplifted so that the mining operations can be resumed. But up to the date of this announcement, no concrete and clear indication has been provided by the Authorities as to when the Order will be uplifted.

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 2014, no amortisation was provided by the Group in relation to the mining right (six months ended 30 June 2013: Nil).

The fair value of the mining right licence at 30 June 2014 has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited, an independent qualified professional valuer and under the assumption that the Group can renew the mining right licence indefinitely till all proven reserves have been mined. In the view of the decrease in the market price of iron ore products from RMB1,020 per metric tonne as at 31 December 2013 to RMB810 per metric tonne as at 30 June 2014, there was a decrease in the value of the Mine as at 30 June 2014, which resulted in an impairment loss on mining right of approximately HK\$59,000,000 for the six months ended 30 June 2014 (reverse of impairment on mining right for six months ended 30 June 2013: HK\$73,000,000).

## 9. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2014 HK\$'000 (unaudited)</b>	As at 31 December 2013 HK\$'000 (audited)
Trade receivables	<b>19,845</b>	28,302
Less: Impairment loss recognised	<b>(1,490)</b>	(1,490)
	<b>18,355</b>	26,812
Other receivables and prepayments	<b>9,115</b>	37,544
Less: Impairment loss recognised, in respect of other receivables	<b>(356)</b>	(356)
	<b>8,759</b>	37,188
	<b>27,114</b>	64,000

Details of trade receivables are as follows:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2013 <i>HK\$'000</i> (audited)
Trade receivables arising from securities brokerage business:		
Margin account clients	<b>18,411</b>	23,218
Cash account clients	<b>886</b>	4,530
Others	<b>297</b>	297
	<b>19,594</b>	28,045
Trade receivables arising from mining business	<b>251</b>	257
	<b>19,845</b>	28,302

The settlement term of trade receivables arising from securities brokerage business is two days after the trade date. For trade receivables arising from the mining business, the Group normally allows a credit period of 60 days.

An aging analysis of the trade receivables at the end of the reporting periods are as follows:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2013 <i>HK\$'000</i> (audited)
0 to 60 days	<b>6,567</b>	10,535
61 to 90 days	<b>565</b>	4,676
Over 90 days	<b>12,713</b>	13,091
	<b>19,845</b>	28,302

## 10. EARNEST MONEY

In February 2013, the Group entered into a sale and purchase agreement in relation to the proposed acquisition of a group of companies which is principally engaged in, among others, iron mining business in the PRC (the "Proposed Acquisition"). Earnest money of HK\$300,000,000 was paid by the Group to the vendor in relation to the Proposed Acquisition, and it is subject to full refund without interest upon the termination of the Proposed Acquisition.

Details of the transactions are set out in the Company's announcements dated 14 February 2013, 25 February 2013, 26 June 2013, 6 December 2013, 12 December 2013, 28 February 2014, 31 March 2014 and 30 May 2014.

## 11. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2013 <i>HK\$'000</i> (audited)
Trade payables	18,314	76,745
Other payables and accruals	2,053	4,405
Securities accounts	23,339	7,045
	<u>43,706</u>	<u>88,195</u>

Details of trade payables are as follows:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2013 <i>HK\$'000</i> (audited)
Trade payables arising from securities brokerage business:		
Cash account clients	7,326	8,653
Clearing house	1,163	–
Margin account clients	9,420	67,623
	<u>17,909</u>	<u>76,276</u>
Trade payables arising from mining business	405	469
	<u>18,314</u>	<u>76,745</u>

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

As at 30 June 2014, trade payables arising from the mining business of the Group were all due within 60 days.

An aging analysis of the trade payables at the end of the reporting periods are as follows:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2013 <i>HK\$'000</i> (audited)
0 to 60 days	8,298	69,603
61 to 90 days	806	553
Over 90 days	9,210	6,589
	<u>18,314</u>	<u>76,745</u>

## 12. PROVISION

During the year ended 31 December 2008, a subsidiary of the Company principally engaged in securities brokerage business 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 fully settled in March 2012 by a payment of 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 for the year ended 31 December 2012.

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 up to the end of the reporting period. 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 2014 and 31 December 2013.

## 13. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Amount HK\$'000 (unaudited)</b>
Authorised:		
At 1 January 2014, ordinary shares of HK\$0.01 each	45,000,000	450,000
At 30 June 2014 ( <i>note 1</i> )	<u>N/A</u>	<u>N/A</u>
Issued and fully paid:		
At 1 January 2014, ordinary shares of HK\$0.01 each	389,421	3,894
Transfer from share premium upon abolition of par value ( <i>note 1</i> )	<u>–</u>	<u>2,265,780</u>
At 30 June 2014, ordinary shares with no par value ( <i>note 1</i> )	<u>389,421</u>	<u>2,269,674</u>

*Note:*

1. Pursuant to the new Companies Ordinance of Hong Kong (Cap. 622), effective on 3 March 2014, companies incorporated in Hong Kong no longer have an authorised share capital and there is no concept of “par value” in respect of issued shares. In addition, in accordance with the transitional provisions set out in section 37 of schedule 11 to the said Ordinance, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company’s share capital.

## **INTERIM DIVIDEND**

The Company had no distributable reserve as at 30 June 2014. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2014 (2013: Nil).

## **AN EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

The Company's auditor has modified its review conclusion on the Group's interim financial report for the six months ended 30 June 2014, an extract of which is as follows:

### **“Conclusion**

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

### **EMPHASIS OF SIGNIFICANT MATTER**

Without qualifying our conclusion above, we draw attention to Note 11<sup>#</sup> to the condensed consolidated financial statements of the Group for the six-month ended 30 June 2014 (the “2014 Interim Report”). As disclosed therein, the mining operation of the Group as well as all mining operations in the Lian Nan County were suspended by the relevant government authorities of the People's Republic of China (the “Order”) since early 2012 until further notice. Up to the reporting date of the 2014 Interim Report, there is still no announcement as to when the Order will be uplifted. Based on the information available to the Group, the Group expects that the Order will be uplifted in the near future and in any event, no later than the end of 2015.

The mining right of the Group was valued at HK\$200,000,000 as at 30 June 2014, using discounted cash flow method based on the assumption that the Order will be uplifted before the end of 2015. Should there be any further delay in the uplift of the Order or in the completion of the repairing work of the mine, the value of the mining right of the Group may possibly be affected and further provision on impairment loss of the mining right may therefore be necessary.”

<sup>#</sup> Being Note 8 in this interim results announcement.

## **INTERIM RESULTS**

The Group recorded a profit attributable to the Company's shareholders of approximately HK\$29,947,000 for the six months ended 30 June 2014 (2013: loss attributable to the Company's shareholders of HK\$67,991,000) and earnings per share was approximately 7.69 HK cents (2013: loss per share of 17.5 HK cents) due mainly to the recognition of unrealised gain on investment of marketable securities from the Group's securities investment operation.

## **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 9% to approximately HK\$1,628,000 (2013: HK\$1,786,000) with gross profit dropped by approximately 16% to approximately HK\$1,308,000 (2013: HK\$1,548,000).

### **Trading operation**

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2013: 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**

During the period under review, the finance operation was inactive and there was no turnover derived from this operation (2013: HK\$329,000), resulting in an operating loss of approximately HK\$1,614,000 (2013: operating profit of HK\$168,000). The increase in operating expenses for the finance operation over the period under review was mainly due to allocation of the Group's certain operating expenses to this division during the period.

### **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 12% to approximately HK\$1,628,000 (2013: HK\$1,457,000) for the period under review. Such increase was caused by the higher transaction volume of the securities brokerage activities during the period under review.

The overall performance of this operation for the period under review recorded a profit of approximately HK\$102,473,000 (2013: operating loss of HK\$92,410,000) mainly as a result of the recognition of an unrealised gain on investment in securities amounting to approximately HK\$116,273,000 (2013: unrealised loss of HK\$89,883,000). Such unrealised gain on investment in securities was attributable to the increase in the market price of listed securities held by the Group for investment purpose. As at 30 June 2014, the market value of the Group's listed securities portfolio amounted to approximately HK\$508,636,000 (at 31 December 2013: HK\$405,370,000).

## **Minerals operation**

Minerals operation is one of the principal activities of the Group. Our mixed metal mine (the “Mine”) located at approximately 39 kilometers south-east of the Lian Nan County Town and approximately 1.6 kilometer south-west of the Baidaitou Village Shanlian Township of Guangdong Province in the People’s Republic of China (the “PRC”) covers an area of approximately 0.4197 square kilometers. Based on a geological study prepared by 湖南省地質礦產勘查開發局四零八隊 (literally translated as the Hunan Province Geological Mineral Exploration in Development Bureau Team No. 408) as stated in the technical report, the estimated iron resources within the Mine is approximately 1,627,400 tons with an average grade of around 44.71% to 61.86%. Also, there are small amount of copper, lead and tin resources.

On 16 February 2012, a notice issued by the Department of Land and Resources of Lian Nan Yao Autonomous County (連南瑤族自治縣國土資源局) (the “Department”) ordering the suspension of all mining operations in the Lian Nan County until further notice (the “Order”). During the period, the minerals operation on the Mine was seriously obstructed due to the Order. The Group has been in continuous contact with the relevant government authorities of the PRC (the “Authorities”) pursuing when the Order will be uplifted so that the mining operations can be resumed. But up to the date of this announcement, no concrete and clear indication has still been provided by the Authorities as to when the Order will be uplifted.

Same as the previous years, there were persistent rainstorms in the southern part of China during the period under review and this continued to cause hindrance to the progress of the repair works to be done to the roads and highways surrounding and leading up to the Mine. Although the PRC Government as well as the Group have started repair work for the highway and the roads leading to the Mine respectively, yet in view of the poor weather condition and severe damages to the highway and the roads, further repair work is still required to be done to enable full accessibility of the area surrounding and leading up to the Mine, by cars, trucks and other transportations.

The Group will issue further announcement(s) on any significant development with respect to its mining operations as and when necessary.

Due to the Order and the heavy rainstorms in the first half of 2014, the Group has not been able to generate any turnover from its minerals operation (2013: Nil) and recorded an operating loss of approximately HK\$61,127,000 on this operation (2013: operating profit of HK\$69,693,000) during the period under review. The operating loss on the mining operations was mainly resulted from the impairment loss of HK\$59,000,000 (2013: reverse of impairment of HK\$73,000,000) on the mining right as a result of the decrease in market price of iron ore products from RMB1,020 per metric tonne as at 31 December 2013 to the RMB810 per metric tonne as at 30 June 2014.

## **BUSINESS PROSPECTS**

The Group expects that the world economy growth rebound is underway in the later part of 2014. In PRC, the authorities have resorted to limited and targeted policy measures to support relevant business activities in the second half of the year, including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in required reserve ratios. In the United States, the improving job market and increasing factory production are also expected to drive a rebound in growth of business activities. However,

the Group will remain alert and prudent in making its decisions on investments given that the future potential and growth of the global economy is still uncertain, taking into account the existing and possible downside risks, for example the geopolitical risks in the Middle-East could lead higher risks of an oil price spike, Ukraine crisis is still unresolved and the progress of the structural economic reform in some developed countries still remain slow.

For the minerals operation of the Mine, the Group will continue to follow up with the PRC Authorities and make necessary preparation for the recommencement of the mining operation in the near future. The Group anticipates that as soon as the Order is uplifted, the production of the Mine will resume and the Group is confident of the prospect of the resources and mining businesses 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.

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

The following is the significant event which has taken place subsequent to the end of the reporting period:

On 24 June 2014, the Group entered into the sale and purchase agreement (as amended by the supplemental agreement dated 18 August 2014) in relation to the acquisition of 40% of the total issued share capital in a company (the “Target Company”) with operating subsidiary principally engaged in the business of development, construction and building management of the development project comprising the residential and commercial complex known as “Jintang New City Plaza” (金唐新城市廣場) in Chongqing, the PRC. The consideration for the proposed acquisition is HK\$370,000,000. Upon completion, the Target Company will become an associate of the Company.

In addition, the Company intends to put forward a proposal to its shareholders to effect the share consolidation which involves the consolidation of every five issued shares into one consolidated share (“Consolidated Share”), and the issue of rights shares on the basis of nine rights shares for every one Consolidated Share. The Company entered into the underwriting agreement with the underwriter on 18 August 2014 in relation to the rights issue. The net proceeds from the rights issue are intended to be used for payment of cash consideration of HK\$370,000,000 for the proposed acquisition of the Target Company and the remaining amount of the proceeds (if any) are intended to be used for general working capital purposes of the Group.

Details of the proposed acquisition of the Target Company, the proposed share consolidation and the proposed rights issue are set out in the announcements of the Company dated 25 June 2014 and 18 August 2014.

## **REVIEW OF INTERIM RESULTS**

The Company’s unaudited interim financial results for the six months ended 30 June 2014 have been reviewed by the Audit Committee and external auditors of the Company.

## **CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2014, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except for the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Dr. Zhang Guoqing, did not attend the annual general meeting held on 18 June 2014 (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 2014.

## **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 2014.

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

Hong Kong, 27 August 2014

*As at the date of this announcement, the Board comprises six Executive Directors, namely Dr. Zhang Guoqing (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Lee Jalen, Mr. Chan Ah Fei, Mr. Lee Yuk Fat and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.*