



CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 263)

2014 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Zhang Guoqing (*Chairman*)

Ng Shin Kwan, Christine

Lee Jalen

Chan Ah Fei

Lee Yuk Fat

Liang Shan

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 Limited, 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

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

WEBSITE

www.cytmg.com

MANAGEMENT DISCUSSION AND OUTLOOK

INTERIM RESULTS

The Company and its subsidiaries (collectively referred to as 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).

MANAGEMENT DISCUSSION AND OUTLOOK

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 report, 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.

MANAGEMENT DISCUSSION AND OUTLOOK

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2014, the Group had current assets of approximately HK\$887,415,000 (at 31 December 2013: HK\$866,512,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$543,699,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2013: HK\$456,868,000). The Group's current ratio, calculated on the basis of current assets of HK\$887,415,000 over current liabilities of approximately HK\$51,966,000, was at strong level of approximately 17.08 (at 31 December 2013: ratio of 8.98). As at 30 June 2014, the Group had no bank and other borrowings (at 31 December 2013: Nil) and no finance lease obligation (at 31 December 2013: Nil).

At the end of the review period, the equity attributable to the Company's shareholders amounting to approximately HK\$1,238,240,000 (at 31 December 2013: HK\$1,217,693,000), which is equivalent to a consolidated net asset value of about approximately HK\$3.19 per share of the Company (at 31 December 2013: HK\$3.14 per share).

On 21 January 2014, the Company entered into a placing agreement (the "Placing Agreement") with Freeman Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent conditionally agreed to procure subscribers to subscribe for the convertible notes in the aggregate principal amount of up to HK\$400,000,000. On 25 March 2014, the Company and the Placing Agent mutually agreed to terminate the Placing Agreement by entering into a termination agreement. Details of the transaction were set out in the announcements of the Company dated 21 January 2014 and 25 March 2014.

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, and 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 and is considered necessary by the Group.

Pledge of Assets

At 30 June 2014, the Group had no fixed asset (at 31 December 2013: Nil) being pledged as security for the Group's finance lease obligation.

Capital Commitment

The Group had no capital commitments as at 30 June 2014 (at 31 December 2013: Nil).

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

- (1) Reference is made to the announcements of the Company 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. Terms used hereinafter are defined in the above announcements.

On 8 February 2013, the Group entered into a sale and purchase agreement in relation to the acquisition of Target Group at an aggregate consideration of HK\$1,200,000,000 (subject to adjustment).

The Consideration will be satisfied as to HK\$690,000,000 in cash, as to HK\$210,000,000 by the allotment and issue of the Consideration Shares and as to HK\$300,000,000 by the issue of the Convertible Bonds. The Target Group is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. On 26 June 2013, the Group and the Vendor executed a supplemental agreement and agreed to amend certain terms of the sale and purchase agreement, principally relating to (1) the adjustment mechanisms of Consideration as set out in the sale and purchase agreement and (2) inclusion of condition precedents(s) that cannot be waived by the parties. As additional time is required to prepare and update certain information and reports to be included in the circular in respect of the said acquisition, the circular is expected to be despatched to the Shareholders on or before 31 October 2014.

- (2) Reference is made to the announcements of the Company dated 25 June 2014 and 18 August 2014. Terms used hereinafter are defined in the above announcements.

On 24 June 2014, the Group entered into the Sale and Purchase Agreement (as amended by the supplemental agreement dated 18 August 2014) and a placing agreement in relation to acquisition of 40% of the total issued share capital in the Target Company at the cash consideration of HK\$370,000,000 (“the Acquisition”) and propose to issue of convertible notes by the Company as the fund raising exercise for the Acquisition. Upon completion, the Target Company will become an associate of the Company. The Target Group is 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. On 18 August 2014, the Company and Freeman Securities Limited as the placing agent mutually agreed to terminate the placing agreement by entering into a termination agreement. On the same date, the Company and Freeman Securities Limited as the Underwriter entered into the underwriter agreement, the details of which is described as below.

In addition, the Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation and the Company entered into the Underwriting Agreement with the Underwriter on 18 August 2014. The Rights Issue is proposed to take place after Share Consolidation becoming effective. The net proceeds from the Rights Issue are intended to be used for payment of cash consideration of HK\$370,000,000 for the Acquisition and the remaining amount of the proceeds (if any) for general working capital purposes of the Company.

Details of the Acquisition, proposed Share Consolidation and proposed Rights Issue are set out in the announcements of the Company dated 25 June 2014 and 18 August 2014. The Circular is expected to be despatched to the Shareholders on or before 24 September 2014.

MANAGEMENT DISCUSSION AND OUTLOOK

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2014, the Group had approximately 65 employees (at 30 June 2013: 69 employees) including executive directors. Total staff costs incurred during the period (including directors' remuneration) was approximately HK\$9,167,000, representing an increase of approximately 6% when compared to HK\$8,643,000 as recorded in the same period of last year. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, mandatory provident fund scheme, share options, training subsidies as well as medical insurance.

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.

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 10 to 30, 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 2014 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other 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, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“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 is not prepared, in all material respects, in accordance with HKAS 34.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

EMPHASIS OF SIGNIFICANT MATTER

Without qualifying our conclusion above, we draw attention to Note 11 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.

Pan-China (H.K.) CPA Limited

Certified Public Accountants

Hong Kong, 27 August 2014

Lee Ping Kai

Practising Certificate Number P02976

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014	2013
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	1,628	1,786
Cost of sales		(320)	(238)
Gross profit		1,308	1,548
Net gain/(loss) on financial assets at fair value through profit or loss	5	102,508	(92,764)
Gain on disposal of available-for-sale financial assets		–	3,555
Impairment loss on mining right	11	(59,000)	–
Reversal of impairment loss on mining right	11	–	73,000
Other income	5	1,870	1,925
Administrative expenses		(30,377)	(36,444)
Finance costs		(1,112)	(105)
Profit/(loss) before taxation		15,197	(49,285)
Income tax credit/(expenses)	4	14,750	(18,706)
Profit/(loss) for the period	5	29,947	(67,991)
Attributable to:			
Owners of the Company		29,947	(67,991)
Non-controlling interests		–	–
		29,947	(67,991)
Earnings/(loss) per share	7		
– Basic and diluted (HK cents per share)		7.69	(17.5)

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) for the period	29,947	(67,991)
Other comprehensive income/(expenses)		
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	–	(18,021)
Other comprehensive expenses for the period (net of tax)	(9,400)	(14,279)
Total comprehensive income/(expenses) for the period	20,547	(82,270)
Attributable to:		
Owners of the Company	20,547	(82,270)
Non-controlling interests	–	–
	20,547	(82,270)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	18,527	20,228
Available-for-sale financial assets	9	235,414	234,333
Other assets	10	2,230	2,205
Trading right		–	–
Mining right	11	200,000	259,000
		456,171	515,766
Current assets			
Inventories		924	948
Trade and other receivables	12	27,114	64,000
Earnest money	13	300,000	300,000
Financial assets at fair value through profit or loss	14	508,636	405,370
Tax recoverable		217	219
Bank balances held under segregated trust accounts	15	15,461	44,477
Bank balances and cash		35,063	51,498
		887,415	866,512
Current liabilities			
Trade and other payables	16	43,706	88,195
Tax payable		260	260
Provision	17	8,000	8,000
		51,966	96,455
Net current assets		835,449	770,057
Total assets less current liabilities		1,291,620	1,285,823
Non-current liabilities			
Deferred tax liabilities		50,000	64,750
Net assets		1,241,620	1,221,073

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2014

	Notes	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Capital and reserves			
Share capital	18	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
Total equity		1,241,620	1,221,073

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 2014

	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 2014	3,894	2,265,780	2,126	(35,443)	52,865	(1,071,529)	1,217,693	3,380	1,221,073
Profit for the period	-	-	-	-	-	29,947	29,947	-	29,947
Exchange differences arising on translation of overseas operations	-	-	(9,400)	-	-	-	(9,400)	-	(9,400)
Total comprehensive income for the period	-	-	(9,400)	-	-	29,947	20,547	-	20,547
Transition to no par value regime on 3 March 2014	2,265,780	(2,265,780)	-	-	-	-	-	-	-
At 30 June 2014	2,269,674	-	(7,274)	(35,443)	52,865	(1,041,582)	1,238,240	3,380	1,241,620
At 1 January 2013	3,894	2,265,780	(4,550)	(30,400)	52,865	(1,071,351)	1,216,238	3,384	1,219,622
Loss for the period	-	-	-	-	-	(67,991)	(67,991)	-	(67,991)
Exchange differences arising on translation of overseas operations	-	-	3,742	-	-	-	3,742	-	3,742
Fair value change in available-for-sale financial assets	-	-	-	(18,021)	-	-	(18,021)	-	(18,021)
Total comprehensive expenses for the period	-	-	3,742	(18,021)	-	(67,991)	(82,270)	-	(82,270)
At 30 June 2013	3,894	2,265,780	(808)	(48,421)	52,865	(1,139,342)	1,133,968	3,384	1,137,352

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Cash flows from operating activities		
Profit/(loss) before taxation	15,197	(49,285)
Adjustments for:		
Interest paid	1,112	105
Bank interest income	(5)	(4)
Depreciation of property, plant and equipment	1,665	1,944
Impairment loss recognised/(reversed) in respect of mining right	59,000	(73,000)
Unrealised (gain)/loss on financial assets at fair value through profit or loss	(116,273)	89,883
Gain on disposal of property, plant and equipment	(400)	–
Gain on disposal of available-for-sale financial assets	–	(3,555)
Operating cash flows before movements in working capital	(39,704)	(33,912)
Decrease in trade and other receivables	36,886	7,699
Increase in other assets	(25)	–
Decrease in bank balances held under segregated trust accounts	29,016	49,974
Decrease in trade and other payables	(44,489)	(42,413)
Cash used in operations	(18,316)	(18,652)
Interest paid	(1,112)	(105)
Hong Kong and PRC tax paid	–	(135)
Net cash used in operating activities	(19,428)	(18,892)
Net cash generated from/(used in) investing activities		
Decrease/(increase) in financial assets at fair value through profit or loss	13,007	(17,210)
Earnest money paid	–	(300,000)
Proceeds from disposal of property, plant and equipment	400	–
Proceeds from disposal of available-for-sale investments	–	5,115
Acquisition of property, plant and equipment	(44)	(8)
Interest income	5	4
	13,368	(312,099)
Net decrease in cash and cash equivalents	(6,060)	(330,991)
Effect of foreign exchange rate changes	(10,375)	250
Cash and cash equivalents brought forward	51,498	360,528
Cash and cash equivalents carried forward, represented by bank balances and cash	35,063	29,787

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 2014

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.

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

For the six months ended 30 June 2014

3. Turnover and segment information *(Continued)*

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)
TURNOVER						
External sales	-	-	1,628	-	-	1,628
Inter-segment sales*	-	-	62	-	(62)	-
Total	-	-	1,690	-	(62)	1,628
RESULTS						
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.

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

For the six months ended 30 June 2014

3. Turnover and segment information *(Continued)*

Segment Turnover and Results *(Continued)*

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)
TURNOVER						
External sales	–	329	1,457	–	–	1,786
Inter-segment sales*	–	–	15	–	(15)	–
Total	–	329	1,472	–	(15)	1,786
RESULTS						
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.*

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

For the six months ended 30 June 2014

4. Income tax (credit)/expenses

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

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%).

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

For the six months ended 30 June 2014

5. Profit/(loss) for the period

	Six months ended 30 June	
	2014	2013
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Profit/(loss) for the period has been arrived at after charging:		
Staff costs including directors' remuneration	8,944	8,425
Retirement benefits schemes contributions	223	218
Total staff costs	9,167	8,643
Amortisation of mining right	–	–
Depreciation of property, plant and equipment	1,665	1,944
Foreign exchange loss, net	28	5
Cost of inventories recognised as expenses	–	–
and after crediting:		
Interest income on:		
Bank deposits	5	4
Other loan and receivables	924	1,728
Total interest income	929	1,732
Gain on disposal of property, plant and equipment	400	–
Sundry income	541	193
	1,870	1,925
Net gain/(loss) on financial assets at fair value through profit or loss:		
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	116,273	(89,883)
	102,508	(92,764)

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

For the six months ended 30 June 2014

6. Dividends

No dividends were declared during the period (six months ended 30 June 2013: Nil).

7. 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:

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

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

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.

8. Movements in property, plant and equipment

During the period, the Group incurred costs for additions on office equipment of approximately HK\$44,000 (six months ended 30 June 2013: costs for office equipment of HK\$8,000 and leasehold improvement of HK\$85,000).

As at 30 June 2014, the Group has no property, plant and equipment (as at 31 December 2013: Nil) which was held under a finance lease.

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

For the six months ended 30 June 2014

9. Available-for-sale financial assets

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

10. Other assets

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

11. Mining right

The mining right 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 report, 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).

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

For the six months ended 30 June 2014

11. Mining right *(Continued)*

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).

12. Trade and other receivables

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

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

For the six months ended 30 June 2014

12. Trade and other receivables *(Continued)*

Details of trade receivables are as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Margin account clients	18,411	23,218
Cash account clients	886	4,530
Others	297	297
	19,594	28,045
Trade receivables arising from mining business	251	257
	19,845	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 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
0 to 60 days	6,567	10,535
61 to 90 days	565	4,676
Over 90 days	12,713	13,091
	19,845	28,302

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

For the six months ended 30 June 2014

13. 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.

14. Financial assets at fair value through profit or loss

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

15. Bank balances held under segregated trust accounts

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

16. Trade and other payables

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

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

For the six months ended 30 June 2014

16. Trade and other payables *(Continued)*

Details of trade payables are as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (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
	17,909	76,276
Trade payables arising from mining business	405	469
	18,314	76,745

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

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

For the six months ended 30 June 2014

17. 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.

18. Share capital

	Number of shares '000	Amount HK\$'000 (unaudited)
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>)	N/A	N/A
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>)	–	2,265,780
At 30 June 2014, ordinary shares with no par value (<i>note 1</i>)	389,421	2,269,674

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

For the six months ended 30 June 2014

18. Share capital *(Continued)*

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.

19. Capital commitments

The Group has no capital commitments as at 30 June 2014 (at 31 December 2013: Nil).

20. Contingent liabilities

Save as disclosed in note 17, the Group and the Company had no material contingent liability as at 30 June 2014 and 31 December 2013.

21. Fair value hierarchy

An analysis of the Group’s financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3:

- | | |
|----------|--|
| Level 1: | fair values measured based on quoted prices (unadjusted) in active markets for identical financial instruments |
| Level 2: | fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data |
| Level 3: | fair values measured using valuation techniques in which any significant input is not based on observable market data |

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

For the six months ended 30 June 2014

21. Fair value hierarchy *(Continued)*

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period by level of the fair value measurement hierarchy:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets			
As at 30 June 2014			
Available-for-sale financial assets	20,414	–	–
Financial assets at fair value through profit or loss			
– Held for trading investments	508,636	–	–
Total	529,050	–	–
Financial assets			
As at 31 December 2013			
Available-for-sale financial assets	19,333	–	–
Financial assets at fair value through profit or loss			
– Held for trading investments	405,370	–	–
Total	424,703	–	–

There were no transfers between Level 1 and 2 during the six months ended 30 June 2014 and the year ended 31 December 2013.

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

For the six months ended 30 June 2014

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	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Short-term employee benefits	2,225	1,848
Retirement benefits schemes contributions	8	15
	2,233	1,863

23. 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:

Reference is made to the announcements of the Company dated 25 June 2014 and 18 August 2014. Terms used hereinafter are defined in the above announcements.

On 24 June 2014, the Group entered into the Sale and Purchase Agreement (as amended by the supplemental agreement dated 18 August 2014) and a placing agreement in relation to acquisition of 40% of the total issued share capital in the Target Company at the cash consideration of HK\$370,000,000 ("the Acquisition") and propose to issue of convertible notes by the Company as the fund raising exercise for the Acquisition. Upon completion, the Target Company will become an associate of the Company. The Target Group is 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. On 18 August 2014, the Company and Freeman Securities Limited as the placing agent mutually agreed to terminate the placing agreement by entering into a termination agreement. On the same date, the Company and Freeman Securities Limited as the Underwriter entered into the underwriter agreement, the details of which is described as below.

In addition, the Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation and the Company entered into the Underwriting Agreement with the Underwriter on 18 August 2014. The Rights Issue is proposed to take place after Share Consolidation becoming effective. The net proceeds from the Rights Issue are intended to be used for payment of cash consideration of HK\$370,000,000 for the Acquisition and the remaining amount of the proceeds (if any) for general working capital purposes of the Company.

Details of the Acquisition, proposed Share Consolidation and proposed Rights Issue are set out in the announcements of the Company dated 25 June 2014 and 18 August 2014. The Circular is expected to be despatched to the Shareholders on or before 24 September 2014.

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).

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

As at 30 June 2014, 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
Ng Shin Kwan, Christine	Beneficial owner	–	211,455 (note 1)	211,455	0.05%
Wong Yun Kuen	Beneficial owner	9,000	655 (note 2)	9,655	0.00%

Notes:

1. 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.
2. 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.

Save as disclosed above, as at 30 June 2014, 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.

OTHER INFORMATION *(Continued)*

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 2013 Annual Report.

Movement of share options under the Share Option Scheme during the six months ended 30 June 2014 was as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
				At 1 January 2014	Lapsed during the period	Outstanding at 30 June 2014
Directors						
Ng Shin Kwan, Christine	3.12.2007	3.12.2007 – 2.12.2017	96.8	211,455	–	211,455
Wong Yun Kuen	3.12.2007	3.12.2007 – 2.12.2017	96.8	655	–	655
Subtotal:				212,110	–	212,110
Employees other than directors in aggregate	3.12.2007	3.12.2007 – 2.12.2017	96.8	136,178	–	136,178
Subtotal:				136,178	–	136,178
Other participants in aggregate	3.12.2007	3.12.2007 – 2.12.2017	96.8	982,020	–	982,020
Subtotal:				982,020	–	982,020
Total:				1,330,308	–	1,330,308

Notes:

- 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 2014.

OTHER INFORMATION *(Continued)*

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 2014 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 2014, 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
HEC Capital Limited	Interest held by controlled corporation	32,931,883	32,931,883	8.46%

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 2014 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 2014.

REVIEW OF INTERIM REPORT

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

OTHER INFORMATION *(Continued)*

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.

By Order of the Board

China Yunnan Tin Minerals Group Company Limited

Zhang Guoqing

Chairman

Hong Kong, 27 August 2014