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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 30TH JUNE, 2009

INTERIM RESULTS

The Board of Directors (the “Board”) of China Yunnan Tin Minerals Group Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2009 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	As at 30th June, 2009 HK\$'000 (unaudited)	As at 31st December, 2008 HK\$'000 (audited)
Non-current liabilities		
Deferred tax liabilities	61	–
Finance lease obligation – due after one year	671	1,006
	<u>732</u>	<u>1,006</u>
Net assets	<u><u>1,341,218</u></u>	<u><u>1,123,122</u></u>
Capital and reserves		
Share capital	384,108	316,008
Reserves	957,110	807,114
Total equity	<u><u>1,341,218</u></u>	<u><u>1,123,122</u></u>

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 “Listing Rules”).

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 the Company for the year ended 31st December, 2008.

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

The applicable new HKFRSs adopted in this interim results announcement are set out below:

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

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

HKFRS 8 “Operating Segments”

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

HKAS 1 (Revised) “Presentation of Financial Statements”

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

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

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

- ¹ Effective for annual periods beginning on or after 1st July, 2009.
- ² Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.
- ³ Effective for transfers on or after 1st July, 2009.
- ⁴ Effective for annual periods beginning on or after 1st January, 2010.

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

3. SEGMENT INFORMATION

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

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

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

Six months ended 30th June, 2009

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

Six months ended 30th June, 2008

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

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

4. INCOME TAX EXPENSE

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

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

5. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Amortisation of trading right	50	50
Depreciation of property, plant and equipment	2,234	1,223
Loss on disposal of property, plant and equipment	–	51
	<u>–</u>	<u>51</u>
and after crediting:		
Interest income on:		
Bank deposits	44	1,254
Other loan and receivables	5,197	1,413
Gain on disposal of property, plant and equipment	90	–
	<u>90</u>	<u>–</u>
Net gain on financial assets at fair value through profit or loss:		
Net realised gain on financial assets at fair value through profit or loss	9,836	1,223
Unrealised gain/(loss) on financial assets at fair value through profit or loss	20,888	(1,221)
	<u>20,888</u>	<u>(1,221)</u>
	<u>30,724</u>	<u>2</u>

6. EARNINGS PER SHARE

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

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

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

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

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

7. DIVIDEND

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

8. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

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

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

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

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

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

9. TRADE AND OTHER PAYABLES/BILLS PAYABLE

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

Trade payables arising from securities dealing business:

Cash account clients	29,049	3,181
Clearing house	52	24
Margin account clients	119,624	694
Others	<u>126</u>	<u>72</u>
	<u>148,851</u>	<u>3,971</u>

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

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

INTERIM DIVIDEND

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

BUSINESS REVIEW AND PROSPECTS

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

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

The Group has a strong capital structure and has sufficient financial resources to support the development of its existing businesses. There are signs that adverse impact of the global financial turmoil is gradually fading away and that there are signals of recovery in major global economies. Nevertheless, the Group will continue to adopt a prudent approach in managing its existing businesses and in seizing new investment opportunities to ensure a stable prospect for shareholders.

CORPORATE GOVERNANCE

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

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

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

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

By Order of the Board
Sue Ka Lok
Chief Executive Officer

Hong Kong, 23rd September, 2009

As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. Gao Wenxiang (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Chen Shuda, Ms. Ng Shin Kwan, Christine and Mr. Cao Jian An and three Independent Non-executive Directors, namely Mr. Sun Ka Ziang, Henry, Mr. Kwok Ming Fai and Dr. Wong Yun Kuen.