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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 2013**

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 2013 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Turnover	3	1,786	8,537
Cost of sales		(238)	(2,089)
Gross profit		1,548	6,448
Net loss on financial assets at fair value through profit or loss	5	(92,764)	(143,785)
Gain on disposal of available-for-sale financial assets		3,555	–
Impairment loss on mining right	8	–	(57,000)
Reversal of impairment loss on mining right	8	73,000	–
Gain on disposal of subsidiaries and a jointly controlled entity		–	17,531
Other income	5	1,925	2,121
Administrative expenses		(36,444)	(34,253)
Finance costs		(105)	(102)
Share of profit of a jointly controlled entity		–	2,134
Loss before taxation		(49,285)	(206,906)
Income tax expenses	4	(18,706)	–
Loss for the period	5	(67,991)	(206,906)

	Six months ended 30 June	
	2013	2012
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Attributable to:		
Owners of the Company	(67,991)	(205,305)
Non-controlling interests	—	(1,601)
	<u>(67,991)</u>	<u>(206,906)</u>
Loss per share	6	
– Basic and diluted (HK cents per share)	<u>(17.5)</u>	<u>(55.1)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(67,991)</u>	<u>(206,906)</u>
Other comprehensive expenses		
Exchange differences arising on translation of overseas operations	3,742	(661)
Reclassification adjustment for disposal of subsidiaries and a jointly controlled entity	–	(12,107)
Fair value change in available-for-sale financial assets	<u>(18,021)</u>	<u>(15,910)</u>
Other comprehensive expenses for the period (net of tax)	<u>(14,279)</u>	<u>(28,678)</u>
Total comprehensive expenses for the period	<u><u>(82,270)</u></u>	<u><u>(235,584)</u></u>
Attributable to:		
Owners of the Company	(82,270)	(233,983)
Non-controlling interests	<u>–</u>	<u>(1,601)</u>
	<u><u>(82,270)</u></u>	<u><u>(235,584)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		As at 30 June 2013 <i>HK\$'000</i> (unaudited)	As at 31 December 2012 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		9,007	10,796
Available-for-sale financial assets	7	228,774	258,380
Other assets		2,205	2,205
Trading right		–	–
Mining right	8	315,000	242,000
		<u>554,986</u>	<u>513,381</u>
Current assets			
Inventories		908	893
Trade and other receivables	9	56,647	64,431
Deposit paid	10	300,000	–
Financial assets at fair value through profit or loss		293,741	352,974
Tax recoverable		217	312
Bank balances held under segregated trust accounts		11,243	61,217
Bank balances and cash		29,787	360,528
		<u>692,543</u>	<u>840,355</u>
Current liabilities			
Trade and other payables	11	23,167	65,580
Tax payable		260	34
Provision	12	8,000	8,000
		<u>31,427</u>	<u>73,614</u>
Net current assets		<u>661,116</u>	<u>766,741</u>
Total assets less current liabilities		<u>1,216,102</u>	<u>1,280,122</u>

	As at 30 June 2013	As at 31 December 2012
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current liabilities		
Deferred tax liabilities	<u>78,750</u>	<u>60,500</u>
Net assets	<u>1,137,352</u>	<u>1,219,622</u>
Capital and reserves		
Share capital	3,894	3,894
Reserves	<u>1,130,074</u>	<u>1,212,344</u>
Equity attributable to owners of the Company	1,133,968	1,216,238
Non-controlling interests	<u>3,384</u>	<u>3,384</u>
Total equity	<u>1,137,352</u>	<u>1,219,622</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 “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 2012.

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 2013:

HKFRSs (Amendment)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

3. TURNOVER AND SEGMENT INFORMATION

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

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

Segment turnover represents revenue generated from external customers.

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

Segment Turnover and Results

Six months ended 30 June 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	<u>-</u>	<u>329</u>	<u>1,472</u>	<u>-</u>	<u>(15)</u>	<u>1,786</u>
RESULTS						
Segment results	-	168	(92,410)	69,693	-	(22,549)
Unallocated corporate income						3,555
Unallocated corporate expenses						(30,186)
Finance costs						<u>(105)</u>
Loss before taxation						(49,285)
Income tax expense						<u>(18,706)</u>
Loss for the period						<u>(67,991)</u>

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.

Six months ended 30 June 2012

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

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

4. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(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	18,250	–
Total tax expenses for the period	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% (2012: 25%).

5. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff costs including directors' remuneration	8,425	7,968
Retirement benefits schemes contributions	218	182
	<hr/>	<hr/>
Total staff costs	8,643	8,150
	<hr/>	<hr/>
Amortisation of mining right	–	–
Depreciation of property, plant and equipment	1,944	2,412
Foreign exchange loss, net	5	3
Cost of inventories recognised as expenses	–	1,688
	<hr/> <hr/>	<hr/> <hr/>
and after crediting:		
Other income		
Interest income on:		
Bank deposits	4	5
Other loan and receivables	1,728	1,264
	<hr/>	<hr/>
Total interest income	1,732	1,269
Sundry income	193	852
	<hr/>	<hr/>
	1,925	2,121
	<hr/> <hr/>	<hr/> <hr/>
Net loss on financial assets at fair value through profit or loss:		
Net realised loss on financial assets at fair value through profit or loss	(2,881)	(18,963)
Unrealised loss on financial assets at fair value through profit or loss	(89,883)	(124,822)
	<hr/>	<hr/>
	(92,764)	(143,785)
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company	<u>(67,991)</u>	<u>(205,305)</u>
	Six months ended 30 June	
	2013	2012
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purposes of basic loss per share	<u>389,421</u>	<u>372,661</u>

Basic and diluted loss per share for the six months ended 30 June 2013 and 2012 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 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 is now interested in 36,500,000 shares in HEC (representing about 4.09% of the total issued share capital of HEC) as at 30 June 2013.

On initial and subsequent recognition, the investments in unlisted securities were measured at fair value and no fair value change (six months ended 30 June 2012: Nil) was recognised in other comprehensive income for the six months ended 30 June 2013. The fair value of the equity interest in HEC as at 30 June 2013 has been arrived at with reference to HEC's unaudited financial statements for the first quarter of 2013.

On 21 March 2013, a wholly-owned subsidiary of the Company as vendor entered into a sale and purchase agreement with Freeman Financial Corporation Limited ("Freeman Financial", a company listed on the main board of Stock Exchange (stock code: 279)) and Dynastic Union Limited (the "Purchaser"), pursuant to which the vendor has conditionally agreed to dispose approximately 8.77% of the issued share capital of Freeman Securities Limited to Purchaser at a consideration of HK\$16,140,000. Such consideration was satisfied by (i) cash payment of HK\$5,115,000 and (ii) issue and allotment of 105,000,000 new shares (before the capital reorganization of Freeman Financial with effect from 30 May 2013) of Freeman Financial with par value of HK\$0.05 each at the issue price of HK\$0.105 per share to the vendor. The transaction is completed on 28 March 2013. Details of the transaction are set out in the announcement of the Company dated 21 March 2013.

Upon the completion of the disposal, there was a gain on disposal of Freeman Securities Limited of approximately HK\$3,555,000.

The directors of the Company have reviewed the recoverable amount of the available-for-sale financial assets as at 30 June 2013 and considered no further impairment loss should be made.

8. MINING RIGHT

The mining right as at 30 June 2013 represents the mining right licence of the mine situated at the Guangdong Province, the PRC (the "Mine"). The mining right licence was expired on 18 May 2013 and is undergoing the renewal process. The Group has obtained the legal opinion from PRC lawyers that, a) there is no material legal claims or proceedings which may have an influence on the renewal of mining rights licence; and b) in accordance with the relevant PRC laws and regulations, there is no foreseeable legal obstacle for the Group to obtain the renewal of the mining right licence. The Group expected the renewed mining right licence will be obtained in October 2013.

On 31 October 2011, there was a serious geological disaster caused by the Lian Nan County Damaishan Mine (連南縣大麥山礦業場). On 16 February 2012, the Department of Land and Resources of Lian Nan Yao Autonomous County (連南瑤族自治縣國土資源局) issued a notice announcing that a complete review of all mining operations was to be conducted by the relevant departments of the said county and ordering the suspension of all mining operations in the Lian Nan County until further notice and/or approval (the "Order"). The Group, along with other mining operators in the vicinity, has been checking with the relevant government authorities of the PRC (the "Authorities") as to when the Order will be uplifted. Pursuant to the discussions that were made by the representatives of the Group with the Authorities, it is expected that the Order will be uplifted in the near future, possibly within the next few months. 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. In this regard, the Group will continue following up with the PRC Authorities and make necessary preparation for the re-commencement of the mining operation in the near future.

Throughout the first half of 2013, the southern part of China has been experiencing constant rainfalls. The rain-triggered floods and landslides have caused severe damages to the relevant infrastructure facilities of the Mine and also to the road connecting the Mine to the highway. Details are set out in the announcement of the Company dated 9 July 2013.

Amortisation for mining right with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mine. For the six months ended 30 June 2013, no amortisation was provided by the Group in relation to the mining right (six months ended 30 June 2012: Nil).

The fair value of the mining right licence at 30 June 2013 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 increase in the market price of iron ore products in the first half of 2013, there was an increase in the value of the Mine as at 30 June 2013, which resulted in a reverse of impairment on mining right of approximately HK\$73,000,000 for the six months ended 30 June 2013 (impairment loss for six months ended 30 June 2012: HK\$57,000,000).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 <i>HK\$'000</i> (unaudited)	As at 31 December 2012 <i>HK\$'000</i> (audited)
Trade receivables	40,460	42,468
Less: Impairment loss recognised	<u>(1,490)</u>	<u>(1,490)</u>
	38,970	40,978
Other receivables and prepayments	18,033	23,809
Less: Impairment loss recognised, in respect of other receivables	<u>(356)</u>	<u>(356)</u>
	17,677	23,453
	56,647	64,431

Details of trade receivables are as follows:

	As at 30 June 2013 <i>HK\$'000</i> (unaudited)	As at 31 December 2012 <i>HK\$'000</i> (audited)
Trade receivables arising from securities brokerage business:		
Margin account clients	33,922	37,125
Cash account clients	5,747	4,411
Others	<u>297</u>	<u>297</u>
	39,966	41,833
Trade receivables arising from mining business	<u>494</u>	<u>635</u>
	40,460	42,468

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

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

	As at 30 June 2013 <i>HK\$'000</i> (unaudited)	As at 31 December 2012 <i>HK\$'000</i> (audited)
0 to 60 days	7,099	1,565
61 to 90 days	691	1,479
Over 90 days	<u>32,670</u>	<u>39,424</u>
	40,460	42,468

10. DEPOSIT PAID

During the six months ended 30 June 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"). A deposit 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 and 26 June 2013.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Trade payables	13,223	61,914
Other payables and accruals	9,944	3,666
	23,167	65,580

Details of trade payables are as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Trade payables arising from securities brokerage business:		
Cash account clients	4,427	5,032
Clearing house	28	3,430
Margin account clients	8,361	53,043
	12,816	61,505
Trade payables arising from mining business	407	409
	13,223	61,914

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

As at 30 June 2013, 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 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
0 to 60 days	7,736	57,868
61 to 90 days	28	64
Over 90 days	5,459	3,982
	<u>13,223</u>	<u>61,914</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 settled in March 2012 by RMB600,000 (equivalent to HK\$730,000) and deducted from the provision, of which HK\$1,250,000 was provided for this individual during the year ended 31 December 2008. The remaining provision in respect of this individual amounting to HK\$520,000 was written off as sundry income 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 2013 and 31 December 2012.

INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2013. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013 (2012: 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 2013, 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 does not present fairly, in all material respects, the financial position of the Group as at 30 June 2013, and of its financial performance and its cash flows for the six-month period then ended in accordance with HKAS 34.

Emphasis of 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 2013 (the “2013 Interim Report”). As disclosed therein, the relevant infrastructure facilities of the Group's mine and the road connecting the mine to the highway were severely damaged by the rain-triggered floods and landslides during the six-month ended 30 June 2013. And the mining operation of the Group as well as all mining operations in the Lian Nan County were suspended by the relevant authorities of the PRC Government (the “Order”) since early 2012 until further notice. Up to the reporting date of the 2013 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 2013.

The mining right of the Group was valued at HK\$315,000,000 as at 30 June 2013, using discounted cash flow method based on the assumption that the Order will be uplifted before the end of 2013. 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.”

[#] Being Note 8 in this interim results announcement.

INTERIM RESULTS

The Group recorded a loss attributable to the Company's shareholders of approximately HK\$67,991,000 for the six months ended 30 June 2013 (2012: HK\$205,305,000) and loss per share was approximately 17.5 HK cents (2012: 55.1 HK cents). Despite the profits made by the Group's provision of finance segment and the gain resulting from the reverse of impairment on the mining right for the period under review, an overall loss for the Group was reported due mainly to the recognition of unrealised loss on investment of marketable securities from the Group's securities investment operation.

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 79% to approximately HK\$1,786,000 (2012: HK\$8,537,000) with gross profit dropped by approximately 76% to approximately HK\$1,548,000 (2012: HK\$6,448,000).

Trading operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2012: Nil). Although the Group has been placing its focus in the development of its other businesses in the past period, yet it will continue to explore suitable business opportunities on trading in the future.

Finance operation

The interest income and operating profit generated by the financing operation were both decreased by approximately 93% and 96% to approximately HK\$329,000 (2012: HK\$4,978,000) and approximately HK\$168,000 (2012: HK\$4,738,000) respectively. Such decreases were primarily attributable to the lower average balance of loans advanced to customers compared to the same period of last year. It is the Group's policy to regularly review the composition of the loans portfolio and lending rates charged in order to maximise the return of this business operation.

Brokerage and securities investment operation

The turnover of the brokerage and securities investment operation, being mainly the brokerage and commission income of the Group's securities brokerage division, decreased by approximately 31% to approximately HK\$1,457,000 (2012: HK\$2,121,000) for the period under review. Such decrease was caused by decrease of commission income received through participation in fund raising activities of clients by the Group during the period under review.

Despite the profit in the securities brokerage division, this operation recorded an overall loss of approximately HK\$92,410,000 (2012: HK\$143,825,000) for the period under review mainly as a result of the recognition of a net loss on investment in securities amounting to approximately HK\$92,764,000 (2012: HK\$143,785,000). Such loss on investment in securities was attributable to the decline in the market price of listed securities held by the Group for investment purpose. As at 30 June 2013, the market value of the Group's listed securities portfolio amounted to approximately HK\$293,741,000 (at 31 December 2012: HK\$352,974,000).

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, which is also approximately 1.6 kilometer south-west of the Baidaitou Village Shanlian Township of Guangdong Province in the People's Republic of China (the "PRC") covering an area of approximately 0.4197 square kilometers. 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) 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 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. Pursuant to the discussions that were made by the representatives of the Group with the Authorities, it is expected that the Order will be uplifted in the near future, possibly within the next few months. 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. The Group will issue further announcement(s) on any significant development with respect to its mining operations as and when necessary.

In the first half of 2013, the southern part of China has been experiencing constant rainfalls. The rain-triggered floods and landslides have caused severe damages to the Mine. The road connecting the Mine to the highway and also part of the highway have also been severely damaged, transportation to the Mine has become inaccessible. Emergency work has been required to be conducted by the Group to clear the sand-filled Mine and to repair the basic structure and relevant facility of the Mine. Furthermore, urgent repair work has been required to be undertaken by the PRC government to reconstruct the collapsed roads and highway to enable the resumption of the accessibility to various place in the area. Due to the heavy rainfall in the recent months, such repair works have been further delay. On the assumption that there is no further delay in the repair works due to weather interruption, the Group expected that the road works connecting the Mine and the highway will be completed in the last quarter of 2013.

Due to the Order and the heavy rainstorms in the first half of 2013, the Group has no turnover generated from its minerals operation (2012: HK\$1,438,000) and recorded an operating profit of approximately HK\$69,693,000 (operating loss on 2012: HK\$61,202,000) during the period under review. The operating profit on the mining operations was mainly resulted from the reverse of impairment of HK\$73,000,000 on mining right as a result of the increase in market price of iron ore products.

BUSINESS PROSPECTS

Based on predictions of major economic researchers worldwide, the prospect of the global economic growth will remain uncertain and subdued in the coming year. Many downside risks which may affect the recovery progress of the global economy still exist. These risks include the possibility of a prolonged slowdown of economic growth in emerging markets (including the PRC), continued recession in the euro zone as a result of low demand and depressed confidence and lower than expected pace of recovery in the United States (the “U.S.”) economy. Furthermore, the anticipated unwinding monetary policy stimulus in the U.S. may lead to a possible tightening of financial conditions and sustained capital flow reversals, hence

resulting in an increase in financial market volatility and a hindrance to the economic growth of emerging markets substantially. While such market uncertainties are expected to persist in the short to medium term, the Group expects that the global economic activity will be able to slowly gain momentum in the later part of 2013 and 2014.

The minerals operation of the Mine was seriously obstructed during the review period due to the suspension of the mining operations by the government of Lian Nan Yao Autonomous County. Pursuant to the discussions that were made by the representatives of the Group with the Authorities, the Group is optimistic that the Order will be uplifted in the near future. In this regard, the Group will continue following up with the Authorities and make necessary preparation for the re-commencement of the mining operations in the near future. The Group is confident of the prospect of the resources and mining businesses in the long run.

On 8 February and 26 June 2013, the Group entered into a sale and purchase agreement and a supplemental agreement in relation to the acquisition of Mega Marks Limited (the “Target Company” and together with its subsidiaries, the “Target Group”). The Target Group is mainly engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. The Board believes that this acquisition can provide a future growth opportunity for the Group. As the additional time is required to finalise the information to be included in the announcement, details of the transaction will be published as soon as practicable.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

REVIEW OF INTERIM RESULTS

The Company’s unaudited interim financial results for the six months ended 30 June 2013 have been reviewed by the Audit Committee and external auditors of the Company.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporation 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 27 June 2013 (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 2013.

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 2013.

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

Hong Kong, 28 August 2013

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