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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINAL RESULTS

The Board of Directors (the "Board") of China Yunnan Tin Minerals Group Company Limited (the "Company") announces the audited consolidated results for the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover	4	**13,500**	31,886
Cost of sales		**(2,755)**	(21,479)
Gross profit		**10,745**	10,407
Net loss on financial assets at fair value through profit or loss	7	**(94,654)**	(172,975)
Gain on early redemption of convertible bonds		**–**	1,218
Impairment loss on mining right	8	**(174,019)**	(142,000)
Impairment loss on goodwill	10	**(38,679)**	(90,000)
Impairment loss on property, plant and equipment		**(931)**	–
Gain on disposal of subsidiaries and a jointly controlled entity		**17,531**	–
Other income	7	**5,375**	3,185
Administrative expenses		**(69,284)**	(59,911)
Finance costs		**(124)**	(97)
Share of profit of a jointly controlled entity		**2,134**	11,639

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Loss before taxation		**(341,906)**	(438,534)
Income tax credit	*6*	**94,000**	2,184
Loss for the year	*7*	**(247,906)**	(436,350)
Attributable to:			
Owners of the Company		**(246,300)**	(436,350)
Non-controlling interests		**(1,606)**	–
		(247,906)	(436,350)

	Notes	**2012**	2011
Loss per share			
– Basic and diluted (HK$)	*9*	**(0.65)**	(1.56)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Loss for the year	7	**(247,906)**	(436,350)
Other comprehensive expenses			
Exchange differences arising on translation of overseas operations		**833**	209
Share of translation reserve of a jointly controlled entity		**–**	2,621
Reclassification adjustment for disposal of subsidiaries and a jointly controlled entity		**(12,107)**	–
Fair value change in available-for-sale financial assets		**(13,322)**	(4,660)
Other comprehensive expenses for the year (net of tax)		**(24,596)**	(1,830)
Total comprehensive expenses for the year		**(272,502)**	(438,180)
Attributable to:			
Owners of the Company		**(270,896)**	(438,180)
Non-controlling interest		**(1,606)**	–
		(272,502)	(438,180)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**10,796**	11,778
Interest in a jointly controlled entity		**–**	73,159
Available-for-sale financial assets		**258,380**	270,287
Other assets		**2,205**	2,205
Trading right		**–**	–
Mining right	*8*	**242,000**	416,019
Goodwill	*10*	**–**	38,679
		513,381	812,127
Current assets			
Inventories		**893**	1,510
Trade and other receivables	*11*	**64,431**	38,714
Earnest money	*12*	**–**	190,000
Financial assets at fair value through profit or loss		**352,974**	402,060
Short-term loans receivable		**–**	110,000
Tax recoverable		**312**	469
Bank balances held under segregated trust accounts		**61,217**	10,814
Bank balances and cash		**360,528**	87,254
		840,355	840,821
Current liabilities			
Trade and other payables	*13*	**65,580**	24,557
Tax payable		**34**	29
Provision	*14*	**8,000**	9,250
		73,614	33,836
Net current assets		**766,741**	806,985
Total assets less current liabilities		**1,280,122**	1,619,112
Non-current liabilities			
Deferred tax liabilities		**60,500**	154,505
Net assets		**1,219,622**	1,464,607
Capital and reserves			
Share capital		**3,894**	324,521
Reserves		**1,212,344**	1,140,086
Equity attributable to owners of the Company		**1,216,238**	1,464,607
Non-controlling interests		**3,384**	–
Total equity		**1,219,622**	1,464,607

Notes:

1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the HKICPA:

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

The adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods.

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

HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HKFRSs (Amendment)	Annual Improvements 2009-2011 Cycle[2]

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2014.
[4] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2015, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of financial assets.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

4. TURNOVER

An analysis of the Group's turnover for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**1,888**	12,976
Interest income from provision of finance	**8,214**	15,958
Commission and brokerage income	**3,398**	2,952
	13,500	31,886

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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 assets include all tangible and intangible assets and current assets other than interest in a jointly controlled entity and available-for-sale investments.

Segment liabilities include all trade and other payables other than current and deferred tax liabilities.

Segment Turnover and Results

For the year ended 31 December 2012

	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$'000*	Total *HK$'000*
TURNOVER						
External sales	–	8,214	3,398	1,888	–	13,500
Inter-segment sales*	–	–	52	–	(52)	–
	–	8,214	3,450	1,888	(52)	13,500
RESULTS						
Segment results	(33)	7,336	(94,822)	(222,562)	–	(310,081)
Unallocated corporate income						18,927
Unallocated corporate expenses						(52,762)
Finance costs						(124)
Share of profit of a jointly controlled entity						2,134
Loss before taxation						(341,906)
Income tax credit						94,000
Loss for the year						(247,906)

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

Segment Turnover and Results
For the year ended 31 December 2011

	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$'000*	Total *HK$'000*
TURNOVER						
External sales	–	15,958	2,952	12,976	–	31,886
Inter-segment sales*	–	–	254	109	(363)	–
	–	15,958	3,206	13,085	(363)	31,886
RESULTS						
Segment results	(425)	16,074	(181,056)	(245,635)	–	(411,042)
Unallocated corporate income						6,703
Unallocated corporate expenses						(45,737)
Finance costs						(97)
Share of profit of a jointly controlled entity						11,639
Loss before taxation						(438,534)
Income tax credit						2,184
Loss for the year						(436,350)

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

Geographical segments

The Group's four operating divisions operate in two principal geographical areas – the People's Republic of China (the "PRC") (excluding Hong Kong) and Hong Kong. The following table provides an analysis of the Group's turnover by geographical markets, irrespective of the origin of the goods:

Turnover from external customers

	2012 ***HK$'000***	2011 *HK$'000*
PRC	**1,888**	12,976
Hong Kong	**11,612**	18,910
	13,500	31,886

Information about major customers

The following is an analysis of revenue from customers contributing over 10% of total sales of the Group for the current and prior year:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**3,932**	4,000
Customer B	**2,803**	3,016
Customer C	**1,888**	9,220
Customer D	**1,479**	1,955

The revenue from Customer A, B and D were attributable to the provision of finance segment while revenue derived from Customer C was attributable to the exploitation and sales of minerals segment.

6. INCOME TAX CREDIT

Income tax credit comprises:

	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	(27)
PRC Enterprise Income Tax	**5**	12
	5	(15)
Deferred tax	**(94,005)**	(2,169)
	(94,000)	(2,184)

Hong Kong Profits Tax for the year ended 31 December 2012 was calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year.

For the Group's subsidiaries established in the PRC, PRC Enterprise Income Tax is calculated at the rate of 25% (2011: 25%).

7. LOSS FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Staff costs including directors' remuneration	**15,922**	17,120
Retirement benefits schemes contributions	**330**	466
Total staff costs	**16,252**	17,586
Amortisation of mining right	**–**	8,676
Auditors' remuneration		
Audit services	**1,100**	1,100
Non-audit services	**300**	616
Cost of inventories recognised as an expense	**2,148**	20,526
Depreciation of property, plant and equipment	**4,854**	3,555
Operating lease rentals in respect of land and buildings	**10,280**	7,916
and after crediting:		
Other income		
Interest income on:		
Bank deposits	**8**	24
Other loan and receivables	**3,013**	2,407
Total interest income	**3,021**	2,431
Gain on disposal of property, plant and equipment	**709**	29
Foreign exchange gain, net	**7**	4
Sundry income	**1,638**	721
	5,375	3,185
Other income analysed by category of asset is as follows:		
Loans and receivables (including bank deposits)	**3,021**	2,431
Non-financial assets	**2,354**	754
	5,375	3,185
Net loss on financial assets at fair value through profit or loss (held for trading investments):		
Proceeds on sales of investment	**245,747**	147,924
Less: cost of sales	**(255,717)**	(146,445)
Net realised (loss)/gain on financial assets at fair value through profit or loss	**(9,970)**	1,479
Unrealised loss on financial assets at fair value through profit or loss	**(84,684)**	(181,024)
Dividend income	**–**	6,570
Net loss on financial assets at fair value through profit or loss	**(94,654)**	(172,975)

8. MINING RIGHT

	THE GROUP	
	2012	2011
	HK$'000	*HK$'000*
COST		
At beginning and at end of the year	**630,000**	630,000
AMORTISATION AND IMPAIRMENT		
At beginning of the year	**213,981**	63,305
Amortisation for the year	**–**	8,676
Impairment loss for the year	**174,019**	142,000
At end of the year	**388,000**	213,981
CARRYING VALUES		
At end of the year	**242,000**	416,019

The mining right as at 31 December 2012 represents the mining right licence of a magnetite iron ore mine situated at the Guangdong Province, the PRC, expiring on 18 May 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 authorities of the PRC (the "PRC Authorities") as to when the Order will be uplifted and the response, so far, appears to be positive. Although there is no clear date set, the Group expects that the Order will be uplifted in the near future and should there be no unusual circumstances to be occurred, the Group is optimistic that the Order will be uplifted, before the end of 2013. In this regard, the Group will continue following up with the PRC Authorities and make necessary preparation for the recommencement of the mining operation in the near future.

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.

The fair value of the mining right licence at 31 December 2012 has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited, an independent qualified professional valuer and an impairment loss of HK$174,019,000 was recognised in the consolidated income statement for the year ended 31 December 2012 (2011: HK$142,000,000), under the assumptions that the Order will be uplifted by the end of 2013 and the Group can renew the mining rights licence indefinitely till all proven reserves have been mined.

9. LOSS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the year		
Loss attributable to owners of the Company	**(246,300)**	(436,350)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**381,087**	279,984

The effects of the bonus element included within the rights issue completed in January 2011 and the share consolidation on 18 January 2012, have been included in the calculation of the weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2012 and 2011.

Basic and diluted loss per share for the year ended 31 December 2012 and 2011 have been presented as equal because the exercise prices of the Company's share options were higher than the average market price for the year and is therefore considered as anti-dilutive.

10. GOODWILL

	THE GROUP	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**38,679**	128,679
Less: Impairment loss recognised	**(38,679)**	(90,000)
At end of the year	**–**	38,679

Goodwill, which arose on the acquisition of Union Bless Limited and its subsidiaries, represents the excess of the cost of the business combination over the Group's interest in the net fair value of their identifiable assets and liabilities as of the date of the acquisition.

The fair value of goodwill at 31 December 2012 has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited, an independent qualified professional valuer and an impairment loss of HK$38,679,000 was recognised in the consolidated income statement for the year ended 31 December 2012 (2011: HK$90,000,000).

11. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**42,468**	25,127
Less: Impairment loss recognised	**(1,490)**	(1,490)
	40,978	23,637
Other receivables and prepayments	**23,809**	15,433
Less: Impairment loss recognised, in respect of other receivables	**(356)**	(356)
	23,453	15,077
Trade and other receivables	**64,431**	38,714

	THE GROUP	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables arising from securities dealing business:		
Margin account clients	**37,125**	17,171
Cash account clients	**4,411**	5,469
Others	**297**	297
	41,833	22,937
Trade receivables arising from mining business	**635**	2,190
	42,468	25,127

For trade receivables arising from securities dealing business, the settlement term is two days after the trade date. Interests are charged on overdue cash account clients and margin account clients at Hong Kong prime rate plus 7% (2011: prime rate plus 7%) per annum and at prime rate plus 4% (2011: prime rate plus 4%) per annum, respectively.

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, net of impairment loss, at the end of the reporting periods are as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**1,565**	3,727
61 to 90 days	**1,479**	293
Over 90 days	**39,424**	21,107
	42,468	25,127

12. EARNEST MONEY

The Group

During the year ended 31 December 2011, the Group entered into a non-legally binding Memorandum of Understanding ("MOU") and three non-legally binding supplemental MOU in relation to the proposed acquisition of 80% of the entire issued share capital in Jointwin Holdings Limited ("Jointwin" and together with its subsidiary, the "Jointwin Group"), a company indirectly holds 100% interest in a copper, lead and zinc mine located in Inner Mongolia Autonomous Region, the PRC (the "Proposed Acquisition").

Earnest money of HK$200,000,000 was paid by the Group to Jointwin in relation to the Proposed Acquisition, and is subject to full refund without interest upon the termination of the Proposed Acquisition.

Pursuant to share charges dated 10 March 2011, share capital of the Jointwin Group were charged by shareholders of the Jointwin Group in favour of the Company.

The Proposed Acquisition was terminated on 30 September 2011 and the HK$200,000,000 earnest money was fully refunded to the Company in March 2012.

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

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**61,914**	11,862
Other payables and accruals	**3,666**	12,695
Trade and other payables	**65,580**	24,557

Details of trade payables are as follows:

	2012	2011
	HK$'000	*HK$'000*
Trade payables arising from securities dealing business:		
Cash account clients	**5,032**	3,945
Clearing house	**3,430**	128
Margin account clients	**53,043**	7,042
	61,505	11,115
Trade payables arising from the mining business:	**409**	747
	61,914	11,862

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

Included in trade payables arising from securities dealing business of approximately HK$61,217,000 (2011: HK$10,814,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rates.

Included in other payables as at 31 December 2011, there was an amount of HK$10,000,000 representing a refundable deposit received from Treasure Smart in relation to the disposal of the entire issued share capital of Broadmeadow. Details of the transaction are set out in the circular of the Company dated 29 September 2011.

14. PROVISION

The Group

During the year ended 31 December 2008, a subsidiary of the Company principally engaged in securities brokerage might be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK$9,250,000. The matters had been first reported to the relevant enforcement agencies by such subsidiary in March 2009 and the former employee was convicted by the High Court of Hong Kong in 2009.

During the year ended 31 December 2011, a writ of summons from the Intermediate Court of Jiangsu Province, the PRC, was issued by an individual against the subsidiary, claiming for RMB1,103,000 (equivalent to HK$1,359,000) plus interest. The claim was 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 has been received up to the end of the reporting period. As the investigation of the matters by the enforcement agency is in progress, the directors cannot reasonably predict the outcome of the matters, the possible maximum penalty of HK$10,000,000 is therefore regarded as a contingent liability of the Group as at 31 December 2012 and 2011.

AN EXTRACT OF INDEPENDENT AUDITORS' REPORT

The Company's auditors have modified their report on the Group's consolidated financial statements for the year ended 31 December 2012, an extract of which is as follows:

"OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 19[#] to the consolidated financial statements of the Group for the year ended 31 December 2012 (the "2012 Annual 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 authorities of the PRC Government (the "Order") since early 2012 until further notice. Up to the reporting date of the 2012 Annual 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$242,000,000 as at 31 December 2012, 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, 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 final results announcement.*

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

BUSINESS REVIEW

Due to the slow recovery of global economy, continuing deterioration of the European debt crisis and the potential fiscal cliff in the United Stated of America, market conditions remain uncertain and complicated in 2012. During the year under review, the turnover of the Group was down by approximately 58% to approximately HK$13,500,000 (2011: HK$31,886,000) and the gross profit was slightly increased by approximately 3.2% to approximately HK$10,745,000 (2011: HK$10,407,000). Such significant decrease in turnover was mainly attributable to the suspension of the mining activities on the mixed metal mine (the "Mine") 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") which seriously hindered the commercial production of the Mine.

For the year ended 31 December 2012, the Group recorded a loss attributable to equity holders of the Company of approximately HK$246,300,000 (2011: HK$436,350,000), representing a decrease of approximately 44% when compared to last year.

OPERATIONS REVIEW

Minerals Operation

Minerals operation is one of the principle activities of the Group. Our Mine, located approximately 39 kilometers south-east of the Liannan County Town and approximately 1.6 kilometers south-west of the Baidaitou Village Shanlian Township of Guangdong Province in the PRC, covers an area of approximately 0.4197 km^2. 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 are 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.

Contribution of the minerals operation to the Group's turnover accounted for approximately HK$1,888,000 (2011: HK$12,976,000) and recorded a loss of approximately HK$222,562,000 (2011: HK$245,635,000) from (i) the trading and processing of iron ore purchased from other suppliers and (ii) trading and sales of iron ore extracted from the Mine. As at 31 December 2012, an impairment loss of mining right of approximately HK$174,019,000 has been recognised (2011: HK$142,000,000) as a result of adverse influence on international markets on iron ore product prices and delay of production schedule due to the Order.

During the year, the minerals operation was seriously obstructed due to the suspension of mining operation activities on the Mine by the Department since 16 February 2012.

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 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 authorities of the People's Republic of China (the "PRC Authorities") as to when the Order will be uplifted and the response, so far, appears to be positive. Although there is no clear date set, the Group expects that the Order will be uplifted in the near future and should there be no unusual circumstances to be occurred, the Group is optimistic that the Order will be uplifted before the end of 2013. In this regard, the Group will continue following up with the PRC Authorities and make necessary preparation for the recommencement of the mining operation in the near future.

References are made to the announcements of the Company dated 12 March 2012, 11 June 2012, 10 September 2012 and 7 December 2012 in relation to the entering into a non-legally binding Memorandum of Understanding ("MOU") about the proposed acquisition of the Mega Marks Limited (the "Target Company" and together with its subsidiaries, the "Target Group"). Target Group is mainly engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. On 8 February 2013, the terms have been concluded and the Group has entered into an acquisition agreement regarding the above proposed acquisition. Details of the transaction is being prepared and will be published as soon as practicable.

Trading Operation

During the year under review, the trading operation was inactive and therefore no turnover derived (2011: Nil), primarily due to the volatility of the iron ore market which positioned the Group to encounter difficulties in finalising trade deals.

Finance Operation

The interest income and operating profit generated by the financing operation were approximately HK$8,214,000 (2011: HK$15,958,000) and approximately HK$7,336,000 (2011: HK$16,074,000) respectively. Such decreases were primarily attributable to the lower average balance of loans advanced to customers compare to last year. It is the Group's policy to adopt a prudent approach and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

Brokerage and Securities Investment Operation

The turnover of the brokerage and securities investment operation, being mainly the brokerage and commission income of the Group's securities brokerage division, increased by approximately 15% to approximately HK$3,398,000 (2011: HK$2,952,000). Such increase was primarily attributable to the commission income received for participation in fund raising activities of our clients. The overall performance of the operation recorded a loss of approximately HK$94,822,000 (2011: HK$181,056,000). The loss incurred for the operation was primarily attributable to the realised and unrealised loss on investment in securities during the year amounting to approximately HK$94,654,000 (2011: HK$172,975,000), resulting mainly from the decline in the market prices of listed securities held by the Group for investment purpose. As at 31 December 2012, the market value of the Group's listed securities portfolio was approximately HK$352,974,000 (2011: HK$402,060,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2012, the Group had current assets of approximately HK$840,355,000 (2011: HK$840,821,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK$713,502,000 (excluding pledged bank balances held under segregated trust accounts) (2011: HK$489,314,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$840,355,000 (2011: HK$840,821,000) over current liabilities of approximately HK$73,614,000 (2011: HK$33,836,000) was at strong level of approximately 11.4 (2011: 24.8). The Group had no bank and other borrowings (2011: Nil) and no finance lease obligation (2011: Nil) at the end of the reporting period.

The Group issued a total of 64,900,000 new shares during the year as a result of share placement to investors issued as part of the consideration for the general working capital. At the end of the reporting period, the equity attributable to Company's equity owners amounting to approximately HK$1,216,238,000 (2011: HK$1,464,607,000), representing a decrease of approximately 17% compared to 2011, which was equivalent to a consolidated net asset value of about approximately HK$3.13 per share of the Company (2011: HK$4.51 per share (restated for the share consolidation effective in January 2012)).

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi, US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Asset

At 31 December 2012, the Group has no fixed assets (2011: Nil) pledged as security for any credit facilities granted to the Group.

Capital Commitment

At 31 December 2012, the Group has capital commitments of HK$4,800,000 in respect of the acquisition of property, plant and equipment (2011: HK$8,300,000).

Contingent Liability

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

PROSPECTS

In light of the uncertainties and unfavorable global market conditions, the business environment of the Group in 2013 will remain complicated and full of challenges, the Group expects that such impacts are short term and still remain relatively optimistic on the long-term prospects of the industry.

For the mining activities of the Mine, the Group anticipates that as soon as the Order is uplifted, the production of the Mine will resume and the performance of the minerals operation is expected to improve thereafter. Coupled with a rebound of the iron ore prices since the beginning of year 2013, the Group is confident of the prospects of the resources and mining business in the long run.

It is the Group's strategy to continuously seek for mineral projects investment opportunity that has development potential in order to enhance the Group's business and, more importantly, to maximise the long term return for shareholders. On 8 February 2013, the Company has entered into an acquisition agreement in relation to the acquisition of Target Company. The Target Group is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. The Board believes that the acquisition represents a valuable investment opportunity for the Group, having considered the amount of proved and probable reserves at the target mines, as well as the future growth opportunity of the target mines to generate revenue and cash flow to the Group. Details of the transaction is being prepared and will be published as soon as practicable.

MATERIAL ACQUISITION AND DISPOSAL

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The followings are the significant events took place subsequent to the end of the reporting period:

(i) References are made to the announcements of the Company dated 12 March 2012, 11 June 2012, 10 September 2012 and 7 December 2012 in relation to the entering into of the MOU. On 8 February 2013, the terms have been concluded and the Company has entered into an acquisition agreement in relation to the acquisition of Target Company, Target Group is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. Details of the transaction is being prepared and will be published as soon as practicable.

(ii) On 21 March 2013, the Company as vendor entered into a sale and purchase agreement with Freeman Financial Corporation Limited ("Freeman Financial", a company listed on main board of The Stock Exchange of Hong Kong Limited (stock code: 279)) and Dynastic Union Limited (the "Purchaser"), pursuant to which the Company 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 will be satisfied by (i) cash payment of HK$5,115,000 and (ii) issue and allotment of 105,000,000 new shares of Freeman Financial with par value of HK$0.05 each at the issue price of HK$0.105 per share to Vendor. The transaction is not being completed at the date of this announcement. Details of the transaction are set out in the announcement of the Company dated 21 March 2013.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions of the Code on Corporate Governance Practices (the "Former Code") which was subsequently revised as the Corporate Governance Code (the "Revised Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and came into full effect on 1 April 2012.

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

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2012 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.cytmg.com). The annual report of the Company for the year ended 31 December 2012 will be despatched to shareholders of the Company and will be published on the same websites in due course.

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

Hong Kong, 26 March 2013

As at the date of this announcement, the Board of Directors of the Company 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.