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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 together with comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

| | <i>Notes</i> | 2014 HK\$'000 | 2013 HK\$'000 |
|---|--------------|--------------------------------|------------------|
| Turnover | 4 | 5,642 | 4,400 |
| Cost of sales | | (787) | (1,484) |
| Gross profit | | 4,855 | 2,916 |
| Other income | 7 | 3,329 | 5,099 |
| Net gain on financial assets at fair value through profit or loss | 7 | 330,522 | 49,412 |
| Impairment loss (recognised)/reversed in respect of mining right | 9 | (119,000) | 17,000 |
| Gain on disposals of available-for-sale financial assets | | – | 3,555 |
| Administrative expenses | | (66,954) | (72,343) |
| Finance costs | | (1,641) | (1,115) |

| | <i>Notes</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------|---------------------------------------|-------------------------|
| Profit before tax | | 151,111 | 4,524 |
| Income tax credit/(expenses) | 6 | <u>29,750</u> | <u>(4,706)</u> |
| Profit/(loss) for the year | 7 | <u>180,861</u> | <u>(182)</u> |
| Attributable to: | | | |
| Owners of the Company | | 180,856 | (178) |
| Non-controlling interests | | <u>5</u> | <u>(4)</u> |
| | | <u>180,861</u> | <u>(182)</u> |
| | | 2014 | 2013 (restated) |
| Earnings/(loss) per share | | | |
| — Basic and diluted (<i>HK cents per share</i>) | 10 | <u>23.22</u> | <u>(0.02)</u> |

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

For the year ended 31 December 2014

| | <i>Notes</i> | 2014 HK\$'000 | 2013 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Profit/(loss) for the year | 7 | <u>180,861</u> | <u>(182)</u> |
| Other comprehensive (expense)/income, net of income tax | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translation of overseas operations | | (12,110) | 6,676 |
| Fair value change in available-for-sale financial assets | | <u>770</u> | <u>(5,043)</u> |
| Other comprehensive (expense)/income for the year | | <u>(11,340)</u> | <u>1,633</u> |
| Total comprehensive income for the year | | <u><u>169,521</u></u> | <u><u>1,451</u></u> |
| Attributable to: | | | |
| Owners of the Company | | 169,516 | 1,455 |
| Non-controlling interests | | <u>5</u> | <u>(4)</u> |
| | | <u><u>169,521</u></u> | <u><u>1,451</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

| | <i>Notes</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 19,714 | 20,228 |
| Available-for-sale financial assets | 8 | 233,475 | 234,333 |
| Other assets | | 2,230 | 2,205 |
| Trading right | | – | – |
| Mining right | 9 | 140,000 | 259,000 |
| Goodwill | 11 | – | – |
| | | <u>395,419</u> | <u>515,766</u> |
| Current assets | | | |
| Inventories | | 924 | 948 |
| Trade and other receivables | 12 | 52,277 | 64,000 |
| Earnest money | 13 | 300,000 | 300,000 |
| Financial assets at fair value through profit or loss | | 676,692 | 405,370 |
| Tax recoverable | | 302 | 219 |
| Bank balances held under segregated trust accounts | | 32,625 | 44,477 |
| Bank balances and cash | | 30,357 | 51,498 |
| | | <u>1,093,177</u> | <u>866,512</u> |
| Current liabilities | | | |
| Trade and other payables | 14 | 54,742 | 88,195 |
| Tax liabilities | | 260 | 260 |
| Provision | 15 | 8,000 | 8,000 |
| | | <u>63,002</u> | <u>96,455</u> |
| Net current assets | | <u>1,030,175</u> | <u>770,057</u> |
| Total assets less current liabilities | | <u>1,425,594</u> | <u>1,285,823</u> |
| Capital and reserves | | | |
| Share capital | 16 | 2,266,087 | 3,894 |
| Reserves | | (878,878) | 1,213,799 |
| Equity attributable to owners of the Company | | 1,387,209 | 1,217,693 |
| Non-controlling interests | | 3,385 | 3,380 |
| Total equity | | <u>1,390,594</u> | <u>1,221,073</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 35,000 | 64,750 |
| | | <u>1,425,594</u> | <u>1,285,823</u> |

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 HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation issued by the HKICPA:

New and amended standards and interpretations those are mandatorily effective for the current year

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 “Investment Entities” for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of these amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group applied the amendments to HKAS 32 “Offsetting Financial Assets and Financial Liabilities” for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of these amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group applied the amendments to HKAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by HKFRS 13 “Fair Value Measurements”.

The application of these amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group applied the amendments to HKAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

HK (IFRIC)-Int 21 Levies

The Group applied the amendments to HK (IFRIC)-Int 21 “Levies” for the first time in the current year. HK (IFRIC)-Int 21 Levies addresses the issue of when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The HK (IFRIC)-Int 21 “Levies” has been applied retrospectively. The application of these amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Other standards, amendments and interpretation which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) come into operation as from Company’s first financial year commencing on or after 3 March 2014 in accordance with Section 358 of that ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of the information in the consolidated financial statements will be affected.

New and amended standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRS that have been issued but are not yet effective:

| | |
|--|--|
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ⁴ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ⁴ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants ⁴ |
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions ³ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ⁴ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010–2012 Cycle ⁵ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011–2013 Cycle ³ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012–2014 Cycle ⁴ |
| Amendments to HKFRS 10 and HKAS 28 | Sales or Contributions of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception ⁵ |
| Amendments to HKAS 1 | Disclosure Initiative ⁴ |
| HKFRS 9 | Financial Instruments ¹ |
| HKFRS 15 | Revenue from Contracts with Customers ² |

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets; and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business whose objective is achieved both by collecting contractual cash flows and selling financial assets, and have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments or principal and interest on the principal amount outstanding, are measure at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Except as described above, the directors of the Company consider that the application of the other new and revised HKFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

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:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Interest income from provision of finance | – | 329 |
| Commission and brokerage income | <u>5,642</u> | <u>4,071</u> |
| | <u><u>5,642</u></u> | <u><u>4,400</u></u> |

5. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

Business segment information

The Group's reportable and operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), are as follows:

- trading of goods;
- provision of finance;
- brokerage and securities investment; and
- exploitation and sales of minerals.

For the purposes of resource allocation and assessment of segment performance, CODM monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

- Segment revenue represents revenue generated from external customers;
- Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, central administration costs, directors' salaries, finance costs and income tax credit or expense;
- Segment assets include all tangible and intangible assets and current assets and available-for-sale investments; and
- Segment liabilities include all trade and other payables other than current and deferred tax liabilities.

For the year ended 31 December 2014

| | Trading of goods <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Brokerage and securities investment <i>HK\$'000</i> | Exploitation and sales of minerals <i>HK\$'000</i> | Elimination/ unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|---|--|--------------------------|
| Segment revenue and results | | | | | | |
| REVENUE | | | | | | |
| External sales | - | - | 5,642 | - | - | 5,642 |
| Inter-segment sales* | - | - | 148 | - | (148) | - |
| Segment revenue | <u>-</u> | <u>-</u> | <u>5,790</u> | <u>-</u> | <u>(148)</u> | <u>5,642</u> |
| RESULTS | | | | | | |
| Segment results | <u>(7)</u> | <u>(2,467)</u> | <u>331,031</u> | <u>(123,316)</u> | <u>-</u> | <u>205,241</u> |
| Unallocated income | | | | | | 401 |
| Unallocated expenses | | | | | | (52,890) |
| Finance costs | | | | | | (1,641) |
| Profit before tax | | | | | | <u>151,111</u> |
| Segment assets and liabilities | | | | | | |
| ASSETS | | | | | | |
| Segment assets | <u>-</u> | <u>168</u> | <u>765,430</u> | <u>150,106</u> | <u>-</u> | <u>915,704</u> |
| Unallocated assets | | | | | | <u>572,892</u> |
| Total consolidated assets | | | | | | <u>1,488,596</u> |
| LIABILITIES | | | | | | |
| Segment liabilities | <u>-</u> | <u>30</u> | <u>57,556</u> | <u>839</u> | <u>-</u> | <u>58,425</u> |
| Unallocated liabilities | | | | | | <u>39,577</u> |
| Total consolidated liabilities | | | | | | <u>98,002</u> |
| Other information: | | | | | | |
| Capital additions | - | - | 3,834 | 3 | - | 3,837 |
| Depreciation of property, plant and equipment | - | - | 776 | 536 | 2,961 | 4,273 |
| Net gain on financial assets at fair value through profit or loss (<i>Note 7</i>) | - | - | (330,522) | - | - | (330,522) |
| Gain on disposals of property, plant and equipment | - | - | - | - | (400) | (400) |
| Impairment loss on mining right (<i>Note 9</i>) | - | - | - | 119,000 | - | 119,000 |

* Inter-segment sales were charged at terms determined and agreed between the group companies.

For the year ended 31 December 2013

| | Trading of goods <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Brokerage and securities investment <i>HK\$'000</i> | Exploitation and sales of minerals <i>HK\$'000</i> | Elimination/ unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|---|--|--------------------------|
| Segment revenue and results | | | | | | |
| REVENUE | | | | | | |
| External sales | – | 329 | 4,071 | – | – | 4,400 |
| Inter-segment sales* | – | – | 32 | – | (32) | – |
| Segment revenue | <u>–</u> | <u>329</u> | <u>4,103</u> | <u>–</u> | <u>(32)</u> | <u>4,400</u> |
| RESULTS | | | | | | |
| Segment results | <u>–</u> | <u>(717)</u> | <u>51,225</u> | <u>9,399</u> | <u>–</u> | <u>59,907</u> |
| Unallocated income | | | | | | 3,649 |
| Unallocated expenses | | | | | | (57,917) |
| Finance costs | | | | | | <u>(1,115)</u> |
| Profit before tax | | | | | | <u>4,524</u> |
| Segment assets and liabilities | | | | | | |
| ASSETS | | | | | | |
| Segment assets | <u>–</u> | <u>14</u> | <u>531,299</u> | <u>269,907</u> | <u>–</u> | <u>801,220</u> |
| Unallocated assets | | | | | | <u>581,058</u> |
| Total consolidated assets | | | | | | <u>1,382,278</u> |
| LIABILITIES | | | | | | |
| Segment liabilities | <u>–</u> | <u>30</u> | <u>91,998</u> | <u>1,294</u> | <u>–</u> | <u>93,322</u> |
| Unallocated liabilities | | | | | | <u>67,883</u> |
| Total consolidated liabilities | | | | | | <u>161,205</u> |
| Other information: | | | | | | |
| Capital additions | – | – | 4 | 89 | 12,837 | 12,930 |
| Depreciation of property, plant and equipment | – | – | 399 | 864 | 2,340 | 3,603 |
| Net gain on financial assets at fair value through profit or loss (<i>Note 7</i>) | – | – | (49,412) | – | – | (49,412) |
| Gain on disposals of property, plant and equipment | – | – | (80) | – | – | (80) |
| Reversal of impairment loss on mining right (<i>Note 9</i>) | <u>–</u> | <u>–</u> | <u>–</u> | <u>(17,000)</u> | <u>–</u> | <u>(17,000)</u> |

* Inter-segment sales were charged at terms determined and agreed between the group companies.

Geographical segment information

The Group's four reportable and operating segments operate in two principal geographical areas — the People's Republic of China ("PRC") (excluding Hong Kong) and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical markets, irrespective of the origin of the goods:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| PRC | – | – |
| Hong Kong | <u>5,642</u> | <u>4,400</u> |
| | <u>5,642</u> | <u>4,400</u> |

The following table provides an analysis of the Group's non-current assets (excluding available-for-sale financial assets) based on the geographical markets as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| PRC | 141,737 | 261,348 |
| Hong Kong | <u>20,207</u> | <u>20,085</u> |
| | <u>161,944</u> | <u>281,433</u> |

Information about major customers

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

| Reportable and operating segments | | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|-------------------------------------|--------------------------------|-------------------------|
| Customer A | Brokerage and securities investment | N/A* | 831 |
| Customer B | Brokerage and securities investment | 776 | N/A* |
| Customer C | Brokerage and securities investment | <u>762</u> | <u>N/A*</u> |

* Revenue from the customers did not contribute over 10% of the total revenue of the Group for the corresponding year.

6. INCOME TAX (CREDIT)/EXPENSES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Income tax expenses comprise: | | |
| Current tax | | |
| — Hong Kong Profits Tax | — | — |
| — PRC Enterprise Income Tax | — | 6 |
| | <u>—</u> | <u>6</u> |
| Underprovision in prior year | | |
| — Hong Kong Profits Tax | — | 450 |
| — PRC Enterprise Income Tax | — | — |
| | <u>—</u> | <u>450</u> |
| Deferred Tax — current year | <u>(29,750)</u> | <u>4,250</u> |
| | <u><u>(29,750)</u></u> | <u><u>4,706</u></u> |

Hong Kong Profits Tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year ended 31 December 2014.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008.

Income tax (credit)/expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit before tax | <u>151,111</u> | <u>4,524</u> |
| Tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%) | 24,933 | 746 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (304) | (463) |
| Tax effect of expenses not deductible for tax purpose | 22,671 | 18,373 |
| Tax effect of income not taxable for tax purpose | (62,282) | (20,749) |
| Tax effect of deductible temporary differences not recognised | (29,859) | 4,246 |
| Utilisation of tax losses previously not recognised | — | (243) |
| Tax effect of tax losses not recognised | 15,091 | 2,346 |
| Under provision in prior year | — | 450 |
| | <u>(29,750)</u> | <u>4,706</u> |

7. PROFIT/(LOSS) FOR THE YEAR

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit/(loss) for the year has been arrived at after charging: | | |
| Staff costs, including directors' remuneration | | |
| — Salaries, allowances and other benefits | 19,830 | 18,079 |
| — Retirement benefits schemes contributions | 485 | 437 |
| | <u>20,315</u> | <u>18,516</u> |
| Auditors' remuneration | | |
| — Audit services | 1,200 | 1,200 |
| — Non-audit services | 566 | 453 |
| | <u>1,766</u> | <u>1,653</u> |
| Depreciation of property, plant and equipment | 4,273 | 3,603 |
| Operating lease rentals in respect of land and buildings | <u>9,637</u> | <u>8,849</u> |
| and after crediting: | | |
| Other income | | |
| Other income comprises: | | |
| Interest income on: | | |
| — Banks | 12 | 9 |
| — Other loan and receivables | 1,754 | 3,223 |
| Total interest income | <u>1,766</u> | <u>3,232</u> |
| Gain on disposals of property, plant and equipment | 400 | 80 |
| Foreign exchange gain, net | 1 | 22 |
| Sundry income | 1,162 | 1,765 |
| | <u>3,329</u> | <u>5,099</u> |
| <i>Other income analysed by category of asset is as follows:</i> | | |
| — From banks, loans and receivables | 1,766 | 3,232 |
| — From non-financial assets | 1,563 | 1,867 |
| | <u>3,329</u> | <u>5,099</u> |
| Net gain on financial assets at fair value through profit or loss: | | |
| — Proceeds on sales of investment | 91,836 | 63,974 |
| — Less: cost of sales | (138,773) | (77,298) |
| — Net realised loss on financial assets at fair value through profit or loss | (46,937) | (13,324) |
| — Unrealised gain on financial assets at fair value through profit or loss | 354,954 | 62,736 |
| — Dividend income | 22,505 | — |
| | <u>330,522</u> | <u>49,412</u> |

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | <i>Note</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------|-------------|--------------------------------|-------------------------|
| The Group | | | |
| Equity securities: | | | |
| — Listed securities | <i>(i)</i> | 18,475 | 19,333 |
| — Unlisted securities | <i>(ii)</i> | 215,000 | 215,000 |
| | | 233,475 | 234,333 |

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

Notes:

(i) Listed securities

The listed securities of the Group at the end of the reporting period represent the Group's listed investment in Aurelia Metals Ltd. ("AML") (formerly known as YTC Resources Limited) of which 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 at the end of the reporting period.

(ii) Unlisted securities

The unlisted securities of the Group at the end of the reporting period represent the Group's investment in unlisted equity securities issued by a private entity namely HEC Capital Limited ("HEC"), which is held for an identified long term strategic purpose. The Group was interested in 36,500,000 shares in HEC (representing about 3.97% (2013: 4.09%) of the total issued share capital of HEC) as at 31 December 2014. HEC is incorporated in Cayman Islands which is mainly engaged in property investment, provision of investment advisory and financial services, money lending and trading of securities.

This investment is measured at cost less impairment, if any at the end of the reporting period.

As a result of the impairment assessment, the directors of the Company consider that no objective evidence of impairment was identified at 31 December 2014, and no impairment was recognised for the year ended 31 December 2014 accordingly (2013: nil).

9. MINING RIGHT

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| The Group | | |
| COST | | |
| At beginning and at end of the year | 630,000 | 630,000 |
| AMORTISATION AND IMPAIRMENT | | |
| At beginning of the year | 371,000 | 388,000 |
| Impairment loss recognised/(reversed) for the year | 119,000 | (17,000) |
| At end of the year | 490,000 | 371,000 |
| CARRYING VALUES | | |
| At end of the year | 140,000 | 259,000 |

As at 31 December 2014 and 31 December 2013, the amount represents the mining right licence of a magnetite iron ore mine situated at the Guangdong Province, the PRC, expiring on 24 December 2015.

On 31 October 2011, there was a serious geological disaster caused by the Lian Nan County Damaishan Mine (連南縣大麥山礦業場). On 16 February 2012, the Department of Land and Resources of Lian Nan Yao Autonomous County (連南瑤族自治縣國土資源局) issued a notice announcing that a complete 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 has been continuing to pursue the uplift of the Order with the relevant governmental authorities of the PRC (the "Authorities"), but up to the date of this report, there is still no concrete and clear indication given by the Authorities as to when the Order will be uplifted. Nevertheless, the Group is anxiously desiring to have the Order uplifted in the near future, with the expectation that it shall be no later than the end of 2016.

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 of approximately HK\$140,000,000 at 31 December 2014 has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited, an independent qualified professional valuer and under the assumptions that the Order will be uplifted by the end of 2016 and the Group can renew the mining right licence indefinitely till all proven reserves have been mined. In the view of the decrease in the market price of iron ore products at 31 December 2014, there was a decrease in the fair value of the Mine as at 31 December 2014.

The fair value of the mining right has been determined by using value-in-use calculation. The value-in-use calculation is based on a pre-tax discount rate of 21.16% (2013: 21.86%) and cash flow projections prepared from financial forecasts approved by the directors of the Company. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the mining unit's expected and forecasted performance and management's expectations for the market development.

Based on the above basis and assumptions, an impairment loss of approximately HK\$119,000,000 (2013: reversal of impairment loss on mining right of HK\$17,000,000) has been recognised in respect of the mining right to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the directors of the Company.

The movements in impairment losses in respect of the mining right are set out as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Balance at beginning of the year | 359,019 | 376,019 |
| Impairment loss recognised/(reversed) during the year | 119,000 | (17,000) |
| Balance at end of the year | 478,019 | 359,019 |

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company for the year ended 31 December 2014 is based on the following data:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|----------------------------|
| Profit/(loss) for the year | | |
| Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share | <u>180,856</u> | <u>(178)</u> |
| | 2014 '000 | 2013 '000 (restated) |
| Number of ordinary shares | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share | <u>778,843</u> | <u>778,843</u> |

Diluted earnings/(loss) per share for the year ended 31 December 2014 and 2013 have been presented as equal to the basic earnings/(loss) per share because the exercise prices of the Company's share options were higher than the average market price for the years and is therefore considered as anti-dilutive.

The effects of the share consolidation on 6 February 2015 and the rights issue on 16 March 2015 have been included in the calculation of the weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share for the year ended 31 December 2014 and 2013.

11. GOODWILL

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-------------------------------|--------------------------------|-------------------------|
| The Group | | |
| Cost | 128,679 | 128,679 |
| Accumulated impairment losses | <u>(128,679)</u> | <u>(128,679)</u> |
| | <u>-</u> | <u>-</u> |

The amount represented the goodwill in respect of the acquisition of Union Bless Limited and its subsidiaries in year 2009 which were mainly engaged in the exploitation and sales of magnetite iron ore. The goodwill was fully impaired in prior years.

12. TRADE AND OTHER RECEIVABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------------------|--------------------------------|-------------------------|
| The Group | | |
| Trade receivables | 35,581 | 28,302 |
| Less: Impairment | (1,617) | (1,490) |
| | <u>33,964</u> | <u>26,812</u> |
| Other receivables and prepayments | 18,669 | 37,544 |
| Less: Impairment | (356) | (356) |
| | <u>18,313</u> | <u>37,188</u> |
| | <u>52,277</u> | <u>64,000</u> |

Trade receivables analysed as:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Trade receivables arising from securities brokerage business: | | |
| — Margin account clients | 34,182 | 23,218 |
| — Cash account clients | 852 | 4,530 |
| — Others | 297 | 297 |
| | <u>35,331</u> | <u>28,045</u> |
| Trade receivables arising from mining business | <u>250</u> | <u>257</u> |
| | <u>35,581</u> | <u>28,302</u> |

For trade receivables arising from securities brokerage 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% (2013: prime rate plus 7%) per annum and at prime rate plus 4% (2013: 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 at the end of the reporting periods are as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 60 days | 28,300 | 10,535 |
| 61 to 90 days | 259 | 4,676 |
| Over 90 days | 7,022 | 13,091 |
| | <u>35,581</u> | <u>28,302</u> |

13. EARNEST MONEY

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--------------------|--------------------------------|-------------------------|
| The Group | | |
| Earnest money paid | <u>300,000</u> | <u>300,000</u> |

Pursuant to a sale and purchase agreement dated 8 February 2013 (as amended and supplemented by the supplemental agreement dated 26 June 2013) between the Group, Charter Bonus Limited (the “Mega Marks Vendor”) and Mr. Lai Leong (the guarantor), the Group agreed to purchase the entire share capital of Mega Marks Limited (“Mega Marks”) and the related amounts owing by Mega Marks to Mega Marks Vendor as at completion date of the proposed acquisition (the “Mega Marks Acquisition”) for an aggregate consideration of HK\$1,200,000,000 (subject to adjustment).

Mega Marks Limited is a company incorporated in the BVI with limited liability. The principal assets of Mega Marks are two iron ore open cut mines located near Bulunkou village in Aketao County of the Xinjiang Uyghur Autonomous Region, the PRC.

Up to 31 December 2014, earnest money of HK\$300,000,000 was paid by the Group to the Mega Marks Vendor in relation to the Mega Marks Acquisition, and it is subject to full refund without interest upon the termination of the Mega Marks Acquisition.

Pursuant to the Company’s announcement dated 31 October 2014, the Group has signed an extension notice on 31 October 2014 to extend the long stop date of the Mega Marks Acquisition to 30 June 2015 and further details of the Mega Marks Acquisition are set out in the Company’s announcements dated 14 February 2013, 25 February 2013, 26 June 2013, 6 December 2013, 12 December 2013, 28 February 2014, 31 March 2014, 30 May 2014 and 31 October 2014.

14. TRADE AND OTHER PAYABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------------|--------------------------------|-------------------------|
| The Group | | |
| Trade payables | 39,094 | 76,745 |
| Other payables and accruals | 5,497 | 4,405 |
| Securities accounts | 10,151 | 7,045 |
| | <hr/> | <hr/> |
| Trade and other payables | 54,742 | 88,195 |
| | <hr/> <hr/> | <hr/> <hr/> |

Trade payables analysed as:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Trade payables arising from securities brokerage business: | | |
| — Cash account clients | 20,718 | 8,653 |
| — Margin account clients | 17,971 | 67,623 |
| | <hr/> | <hr/> |
| | 38,689 | 76,276 |
| Trade payables arising from mining business | 405 | 469 |
| | <hr/> | <hr/> |
| | 39,094 | 76,745 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 60 days | 19,706 | 69,603 |
| 61 to 90 days | 10,193 | 553 |
| Over 90 days | 9,195 | 6,589 |
| | <hr/> | <hr/> |
| | 39,094 | 76,745 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Included in trade payables arising from securities brokerage business of approximately HK\$32,625,000 (2013: HK\$44,477,000) 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.

15. 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 and a provision of HK\$9,250,000 was made in that year. 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, an individual issued a claim against the Group for loss of 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.

As at 31 December 2014, the outstanding provision regarding to this incident was HK\$8,000,000 (2013: HK\$8,000,000).

In addition, pursuant to 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. In the opinion of the directors, since the investigation of the matters by the enforcement agency is in progress, up to the end of the reporting period no penalty against the subsidiary has been received and further, the directors cannot reasonably estimate the outcome of the matters and thus, the Group did not provide any provision on such potential penalty as at 31 December 2014 (2013: nil). The possible maximum penalty of HK\$10,000,000 is therefore regarded as a contingent liability of the Group as at 31 December 2014 (2013: HK\$10,000,000).

16. SHARE CAPITAL

| | 2014 | | 2013 | |
|---|--|-------------------------|--|------------------|
| | Number of shares (<i>'000</i>) | HK\$ <i>'000</i> | Number of shares (<i>'000</i>) | HK\$ <i>'000</i> |
| Authorised: (<i>Note (a)</i> below) | | | | |
| Nil (2013: 45,000,000,000 ordinary shares of HK\$0.01 each) (<i>Note (b)</i> below) | <u>–</u> | <u>–</u> | <u>45,000,000</u> | <u>450,000</u> |
| Issued and fully paid: | | | | |
| At 1 January | 389,421 | 3,894 | 389,421 | 3,894 |
| Transition to no-par value regime on 3 March 2014 (<i>Note (c)</i> below) | <u>–</u> | <u>2,262,193</u> | <u>–</u> | <u>–</u> |
| At 31 December | <u>389,421</u> | <u>2,266,087</u> | <u>389,421</u> | <u>3,894</u> |

Notes:

- (a) Pursuant to the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital was no longer exists.
- (b) In accordance with Section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or normal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any if the members as a result of this transition.
- (c) In accordance with the transitional provision set out in Section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amount of approximately HK\$2,262,193,000 regarding the credit of the share premium account has become part of the Company's share capital.

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 2014, and 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 2014 and of the Group's profit 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 above, we draw attention to Note 19[#] to the consolidated financial statements of the Group for the year ended 31 December 2014. As disclosed therein, the mining operation of the Group was suspended by the relevant government authorities (the “Authorities”) of the People's Republic of China (the “Order”) since early 2012. Up to the date of this report, we were informed that no concrete and clear indication has been provided by the Authorities as to when the Order will be uplifted. Nevertheless, the Group is anxiously desiring to have the Order uplifted in the near future, with the expectation that it shall be no later than the end of 2016.

The fair value of the mining right licence of approximately HK\$140,000,000 at 31 December 2014 has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer and under the assumption that the Order will be uplifted by the end of 2016 and the Group can renew the mining right licence indefinitely till all proven reserves have been mined. Should there be any further delay in the uplift of the Order, there may be significant impact on the value of the mining right of the Group.”

[#] Being Note 9 in this final results announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

BUSINESS REVIEW

During the year under review, the turnover of the Group increased by approximately 28% to approximately HK\$5,642,000 (2013: HK\$4,400,000), recording a gross profit of approximately HK\$4,855,000 (2013: HK\$2,916,000).

For the year ended 31 December 2014, the Group recorded a profit attributable to equity holders of the Company of approximately HK\$180,856,000 (2013: loss attributable to equity holders of HK\$178,000). Such a significant improvement was mainly due to the recognition of a gain on financial assets at fair value through profit or loss of approximately HK\$330,522,000 (2013: HK\$49,412,000) after netting off an impairment loss of approximately HK\$119,000,000 (2013: reversal of impairment on mining right of HK\$17,000,000) in respect of the mining rights for the Mine.

OPERATIONS REVIEW

Minerals Operation

Minerals operation is one of the principal activities of the Group.

Relevant information of the Mine as at 31 December 2014 is summarised below:

1. Location of Mine: around 39 kilometers southeast of the Liannan County Town, which is also around 1.6 kilometers southwest of the nearby Baidatou Village, Shanlian Township, covering an area of approximately 0.4197 km²
2. Estimated iron resources within the Mine as at 31 December 2014: approximately 1,600,000 tons with an average grade of around 45%
3. Final product grade after processing procedure: approximately 64%
4. Maximum annual production: approximately 360,000 tons

5. Assumptions made:

- Based on a feasibility study named 廣東省連南縣山聯鄉水晶山磁鐵礦 — 采選工程初步設計報告 (the “Feasibility Study”) prepared by 烏魯木齊有色冶金設計研究院馬鞍山分院 in February 2012, the estimated iron resources (Categories 332+333, according to the Chinese Mineral Resource/Reserves Classification) within the Mine was approximately 1,627,400 tons with an average grade of around 45%.
- With reference to the Feasibility Study, the Mine will achieve a maximum annual production of 360,000 tons, a final product with grade of approximately 64% will be produced after the processing procedure, the average cost for producing the final product with grade of 64% is around RMB180 per ton and further capital expenditure of approximately RMB5,000,000 for mining and approximately RMB12,000,000 for processing are needed.
- Very few production was made since the Mine has been acquired by the Group in 2009 due to various factors as previously disclosed. Subject to the conditions as stated below, the Group would like to start the production as soon as practicable.

During the year under review, the minerals operation of the Mine was seriously obstructed due to the Order. The Group has been continuing to pursue the uplift of the Order with the Authorities, but up to the date of this announcement, there is still no concrete and clear indication given by the Authorities as to when the Order will be uplifted.

Furthermore, due to severe damages caused by the heavy rainfalls made to the highway and roads surrounding the Mine in the past, the PRC Government and the Group have been actively doing repair work in respect of such damages. However, full repair work has still not yet been completed enabling full accessibility of the area surrounding and leading up to the Mine, by cars, trucks and other transportations.

The Company will issue further announcement(s) on any significant development with respect to its mining operation as and when necessary, in compliance with the requirements of the Listing Rules.

Due to the suspension of all mining operation on the Mine by the Order, the Group has no turnover generated from its minerals operation (2013: nil) and recorded an operating loss of approximately HK\$123,316,000 (2013: operating profit of HK\$9,399,000) during the year. The operating loss on the mining operation was mainly resulted from the impairment loss of approximately HK\$119,000,000 (2013: reversal of impairment loss on mining right of HK\$17,000,000) on the mining right as a result of the significant decrease in the market price of iron ore from RMB1,020 per metric tonne as at 31 December 2013 to RMB670 per metric tonne as at 31 December 2014.

Trading Operation

The Group's trading operation remained inactive and therefore no turnover was generated during the year under review (2013: nil). Although the Group has been placing its focus in the development of its other businesses in the past, yet it will continue to explore suitable business opportunities on trading in the future.

Finance Operation

During the year under review, the finance operation was inactive and there was no turnover derived from this operation (2013: HK\$329,000), resulting in an operating loss of approximately HK\$2,467,000 (2013: HK\$717,000). The increase in operating expenses for the finance operation during the year was mainly due to allocation of the Group's certain operating expenses to this division.

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 39% to approximately HK\$5,642,000 (2013: HK\$4,071,000). Such an increase was primarily attributable to the higher transaction volume of the securities brokerage activities.

The overall performance of the operation recorded a profit of approximately HK\$331,031,000 for the year ended 31 December 2014 (2013: HK\$51,225,000). The profit was primarily attributable to the unrealised gain on investment in securities which amounted to approximately HK\$354,954,000 for the year ended 31 December 2014 (2013: HK\$62,736,000) as a result of mainly the increase in the market prices of listed securities held by the Group for investment purpose. As at 31 December 2014, the market value of the Group's listed securities portfolio was approximately HK\$676,692,000 (2013: HK\$405,370,000).

PROSPECTS

2015 will be a year full of challenges and opportunities for the Group.

On 18 August 2014, it was announced that a subsidiary of the Company entered into a sale and purchase agreement (as amended and supplemented by the supplemental agreement dated 18 August 2014) in relation to the acquisition of 40% of the total issued share capital of China Sky Holdings Limited (the “Target Company” and together with its subsidiaries, the “Target Group”) at the consideration of HK\$370,000,000 (the “Acquisition”). The Target Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC. The “Development Project” comprises a residential and commercial complex, known as “Jintang New City Plaza*” (金唐新城市廣場), which is situated at Long Tower Street* in the west southern part of the Yubei Zone, Chongqing City (重慶渝北區龍塔街道), Chongqing, the PRC with a site area of approximately 30,817 square meters. On 16 March 2015, the Board announced that all conditions precedent under the Sale and Purchase Agreement have been fulfilled and the transaction was completed. Upon Completion, the Company will be beneficially interested in 40% of the entire issued share capital of the Target Company and the Target Group will become an associate of the Company.

The Board believes that this Acquisition would allow the Group to tap into the real estate business in the PRC and it represents a valuable investment opportunity for the Group.

To better cope with the classified readjustment and control measures put forward by the PRC central government, major cities in the PRC are introducing and implementing various measures to encourage home purchases and withdraw their limited property purchase policies. In respect of mortgage loans, although credit conditions may not appear to be drastically relaxed in the near future, constraints from the tight capital market will possibly be eased through the PRC central government’s promotion of various limited and targeted policy measures. In addition, the introduction of the two-child policy and rural land reforms are likely to boost housing demands. As a result, it is expected that the property market in major cities in the PRC will gradually improve.

The Board believes that the Acquisition is in line with the Group’s investment strategy to bring investment return to the Group and would allow the Group to tap into the real estate business in the PRC with growth potential after having considered the construction progress and future prospects of the Development Project, the existing financing capacity of the Target Group as well as the ability of the Target Group to generate returns and cash flow to the Group.

The Group will continue to monitor the situation of real estate market in the PRC. Should it be of the view that the prospect of the PRC real estate business will continue to improve and flourish, the Group will consider further additional investment in the property market in the future. Shareholders should note that no concrete and/or firm investment project or plan has been identified and/or made at this stage on the above and further announcement(s) will be made if necessary, in accordance with the requirements of the Listing Rules.

* *For identification purpose only*

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

In view of the continuing softening of the iron ore price and the certainty as to when the mining operation of the Mine can be recommenced, the Group will continue to monitor the situation and give serious consideration as to the necessary actions that it should take with respect to the existing investment in the mining operation taking into account the interests of the Company and its shareholders as a whole. Further announcement(s) will be made by the Group if necessary, in accordance with the requirements of the Listing Rules.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2014, the Group had current assets of approximately HK\$1,093,177,000 (2013: HK\$866,512,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$707,049,000 (excluding pledged bank balances held under segregated trust accounts) (2013: HK\$456,868,000). The significant increase in the liquid assets was mainly due to the increase in the market value of the Group's listed securities portfolio as at 31 December 2014. The Group's current ratio, calculated on the basis of current assets of approximately HK\$1,093,177,000 (2013: HK\$866,512,000) over current liabilities of approximately HK\$63,002,000 (2013: HK\$96,455,000) was at strong level of approximately 17.35 (2013: 8.98). The Group had no bank and other borrowings (2013: nil) and no finance lease obligation (2013: nil) at the end of the reporting period.

At the end of the reporting period, the equity attributable to the Company's equity owners amounted to approximately HK\$1,387,209,000 (2013: HK\$1,217,693,000), representing an increase of approximately 13.92% as compared to 2013, which was equivalent to a consolidated net asset value of about approximately HK\$3.57 per share of the Company (2013: HK\$3.14 per share).

Foreign Currency Management

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

Pledge of Asset

At 31 December 2014, the Group had no fixed assets (2013: nil) pledged as security for any credit facilities granted to the Group.

Capital Commitment

The Group had no capital commitment as at 31 December 2014 (2013: nil).

Contingent Liability

A subsidiary of the Company principally engaged in securities brokerage business 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 matter is currently under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will be the maximum penalty of HK\$10,000,000.

MATERIAL ACQUISITIONS AND CONNECTED TRANSACTIONS

- (1) Reference is made to the announcements of the Company dated 14 February 2013, 25 February 2013, 26 June 2013, 6 December 2013, 12 December 2013, 28 February 2014, 31 March 2014, 30 May 2014 and 31 October 2014. On 8 February 2013, the Group entered into a sale and purchase agreement with Charter Bonus Limited (a company which is wholly-owned by Mr. Lai Leong and it was proposed that Mr. Lai Leong will be appointed as the chairman and an executive director of the Company upon completion of the said acquisition) in relation to the acquisition of Mega Marks Limited and its subsidiaries at an aggregate consideration of HK\$1,200,000,000 (subject to adjustment).

The consideration will be satisfied as to HK\$690,000,000 in cash, as to HK\$210,000,000 by the allotment and issue of the consideration shares and as to HK\$300,000,000 by the issue of the convertible bonds. The Mega Marks Limited and its subsidiaries is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. On 26 June 2013, the Group and Charter Bonus Limited executed a supplemental agreement and agreed to amend certain terms of the sale and purchase agreement, principally relating to (1) the adjustment mechanisms of consideration as set out in the sale and purchase agreement and (2) inclusion of condition precedents(s) that cannot be waived by the parties. As additional time is required to prepare and update certain information and reports to be included in the circular in respect of the said acquisition, the circular is expected to be despatched to the Shareholders on or before 31 May 2015.

- (2) Reference is made to the announcements, circular and listing documents of the Company dated 18 August 2014, 24 September 2014, 24 October 2014, 28 November 2014, 24 December 2014, 5 February 2015, 9 February 2015, 24 February 2015, 13 March 2015 and 16 March 2015. Terms used hereinafter are defined in the above announcements, circular and listing documents.

On 18 August 2014, the Board announced that on 24 June 2014, (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor (being wholly-owned by Mr. Liang Shan, an executive director of the Company) entered into the Sale and Purchase Agreement (as amended and supplemented by the supplemental agreement dated 18 August 2014), pursuant to which the Purchaser conditionally agreed

* *For identification purpose only*

to acquire and the Vendor conditionally agreed to sell the Sale Shares, representing 40% of the total issued share capital of the Target Company at the consideration of HK\$370,000,000. The Consideration for the Acquisition is HK\$370,000,000, which shall be settled by cash upon Completion of the Sale and Purchase Agreement. It is to be financed by the net proceeds to be raised from the Rights Issue.

The Target Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC. The “Development Project” comprises a residential and commercial complex known as “Jintang New City Plaza*” (金唐新城市廣場) (the “Plaza”) which is situated at Long Tower Street* in the west southern part of the Yubei Zone, Chongqing City (重慶渝北區龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor area designated for residential use is 53,883.20 square meters; for shopping mall (商舖) is 36,012.85 square meters; for office premises is 40,865.48 square meters; for car parking areas and other uses is 56,512.26 square meters respectively. The terms for the grant of the land use right of the Land are 52 years for the residential portion and 22 years for the commercial portion. After the completion of the Development Project, the Plaza is expected to be a new landmark area near the central business district of the Yubei Zone.

On 16 March 2015, the Board announced that all conditions precedent under the Sale and Purchase Agreement have been fulfilled and the transaction was completed. Upon Completion, the Company will be beneficially interested in the 40% equity interests in the Target Company and the Target Group will become an associate of the Company.

The Company confirms that it has complied with all relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules of The Stock Exchange of Hong Kong Limited with respect to the above connected transactions.

MATERIAL DISPOSAL

The Company had no material disposal during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The following is the significant events which have taken place subsequent to the end of the reporting period:

Reference is made to the announcements, circular and listing documents of the Company dated 18 August 2014, 24 September 2014, 24 October 2014, 28 November 2014, 24 December 2014, 5 February 2015, 9 February 2015, 24 February 2015, 13 March 2015 and 16 March 2015. Terms used hereinafter are defined in the above announcements, circular and listing documents.

- (1) On 5 February 2015, all ordinary resolutions to approve the Acquisition, the Share Consolidation and the Rights Issue, as set out in the notice of extraordinary general meeting dated 24 December 2014, were duly passed by way of poll at the extraordinary general meeting of the Company and the Share Consolidation became effective on 6 February 2015.

- (2) On 16 March 2015, the Board announced that all conditions precedent under the Sale and Purchase Agreement have been fulfilled and the transaction was completed. Upon completion, the Company will be beneficially interested in 40% equity interests in the Target Company and the Target Group will become an associate of the Company.

On the same day, the Group issued a total of 700,958,385 Rights Shares and raised approximately HK\$420,600,000 as a result of the Rights Issue. The net proceeds from the Rights Issue are used for the payment of the cash consideration of HK\$370,000,000 for the Acquisition and the remaining amount of proceeds for the general working capital purposes of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain high standards of corporate governance. The board of directors (the “Board”) believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders’ interests.

During the year, the Company has complied with the code provisions of Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Dr. Zhang Guoqing, did not attend the annual general meeting held on 18 June 2014 (the “Meeting”) as he had another business engagement. The executive director of the Company, who took the chair of the Meeting, and other members of the Board together with the chairmen of the Audit, Nomination and Remuneration Committees and all other members of each of the Audit, Nomination and Remuneration Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Nomination and Remuneration Committees who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2014 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board of Directors 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 2014 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, 27 March 2015

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