萬佳錫業
GOODTOP TIN

GOODTOP TIN INTERNATIONAL HOLDINGS LIMITED
萬 佳 錫 業 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 195)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors of Goodtop Tin International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000* (restated)
Continuing operations:			
Revenue	*4*	**355,626**	—
Cost of sales		**(419,763)**	—
Gross loss		**(64,137)**	—
Interest income		**2,302**	14
Other income		**—**	123
Administrative expenses		**(106,110)**	(15,161)
Other expenses		**(11,234)**	(6,971)
Other gains and losses	*6*	**(852,291)**	—
Finance costs		**(56,250)**	—
Loss before taxation		**(1,087,720)**	(21,995)
Taxation	*7*	**285,841**	—
Loss for the year from continuing operations	*8*	**(801,879)**	(21,995)

	Notes	**2011** **HK$'000**	2010 HK$'000 (restated)
Discontinued operations:			
(Loss) profit for the year from discontinued operations		**(49,461)**	9,239
Loss for the year		**(851,340)**	(12,756)
Other comprehensive income for the year			
Exchange difference arising on translation to presentation currency		**10,055**	6,178
Release of translation reserve to profit or loss upon disposal of subsidiaries		**(13,999)**	—
		(3,944)	6,178
Total comprehensive expense for the year		**(855,284)**	(6,578)
(Loss) profit for the year attributable to owners of the Company			
— from continuing operations		**(684,029)**	(21,995)
— from discontinued operations		**(49,461)**	9,239
		(733,490)	(12,756)
Loss for the year attributable to non-controlling interests			
— from continuing operations		**(117,850)**	—
		(851,340)	(12,756)
Total comprehensive expenses attributable to:			
Owners of the Company		**(737,901)**	(6,578)
Non-controlling interests		**(117,383)**	—
		(855,284)	(6,578)
Loss per share			
From continuing and discontinued operations:			
Basic (HK cents)	*10*	**(25.47)**	(0.47)
From continuing operations:			
Basic (HK cents)	*10*	**(23.75)**	(0.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**274,223**	58,086
Prepaid lease payments		**—**	6,364
Intangible assets		**—**	1,061
Mining rights		**158,320**	—
Exploration and evaluation assets		**331,547**	—
Deposits		**16,364**	—
Deferred taxation		**34,720**	—
Deposit placed for a life insurance policy		**—**	1,979
Deposit paid for acquisition of a target company		**—**	280,000
		815,174	347,490
Current assets			
Inventories		**18,025**	16,831
Trade receivables	*11*	**26,313**	53,388
Other receivables, prepayments and deposits		**87,720**	11,911
Prepaid lease payments		**—**	147
Amount due from a related company		**—**	56
Tax recoverable		**—**	1,483
Held for trading investments		**18,574**	—
Derivative financial instruments		**92,244**	—
Bank balances and cash		**126,083**	118,666
		368,959	202,482
Current liabilities			
Trade payables	*12*	**39,153**	20,906
Other payables, deposits received and accruals		**104,655**	13,693
Financial liabilities at fair value through profit or loss ("FVTPL")		**20,400**	—
Amounts due to related companies		**—**	1,513
Amounts due to directors		**—**	2,796
Bank borrowings		**—**	11,032
Obligation under finance leases		**12,581**	—
Tax payable		**20,531**	589
Bank overdrafts		**—**	881
		197,320	51,410
Net current assets		**171,639**	151,072
Total assets less current liabilities		**986,813**	498,562

	2011	2010
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**14,400**	14,400
Reserves	**393,326**	483,882
Equity attributable to owners of the Company	**407,726**	498,282
Non-controlling interests	**46,784**	—
Total equity	**454,510**	498,282
Non-current liabilities		
Deferred taxation	**123,104**	280
Convertible bonds	**361,026**	—
Obligation under finance leases	**30,462**	—
Provision for rehabilitation	**17,711**	—
	532,303	280
	986,813	498,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 22 January 2008. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company and provides corporate management services.

Pursuant to a special resolution passed by the shareholders, at a special general meeting of the Company held on 12 May 2011, the name of the Company was changed from Vitar International Holdings Limited 威達國際控股有限公司 to Goodtop Tin International Holdings Limited 萬佳錫業國際控股有限公司. The change of the name became effective on 4 July 2011.

In prior years, the Company's functional currency was Hong Kong dollars ("HK$"). The directors had revaluated the underlying investment activities and strategy of the Company after the disposal of Vitar Insulation Holdings Limited ("Vitar Insulation") and have determined that the functional currency of the Company changed from HK$ to Australian Dollars ("AUD"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the year.

The consolidated financial statements continue to be presented in HK$ as the directors of the Company consider that HK$ is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group. As set out in note 13 to this announcement, the Group is currently involved in two litigation. In the first litigation, the Company and Gallop Pioneer Limited ("GPL"), a wholly-owned subsidiary of the Company, were named as defendants by the vendor of Parksong Mining and Resource Recycling Limited ("Parksong") (the "Vendor"), a wholly-owned subsidiary of the Company, claiming for a sum of AUD15,143,422.44 (equivalent to approximately HK$119,788,000) (the "First Litigation"). In the second litigation, the Company was named as defendant by the Vendor demanding immediate repayment of HK$597,000,000, being the principal amount of the outstanding convertible bonds held by the Vendor together with all outstanding interests accrued thereon (the "Second Litigation"). The amounts claimed and demanded by the Vendor in the First Litigation and the Second Litigation are collectively referred to as the Demanded Sums hereinafter. As detailed in note 13 to this announcement, the legal processes are still ongoing and the outcome of these litigation cannot be reliably determined at this stage.

Based on the fact that the Company and GPL have made a counter-claim against the Vendor in the First Litigation and the preliminary assessment from the legal counsel which indicates that the Company's grounds of defence are valid defences and not remote in the Second Litigation, the directors of the Company are of the view that the Group has a realistic probability of successfully defending the cases. Accordingly, the consolidated financial statements have been prepared on a going concern basis. These consolidated financial statements do not include any adjustments or provision for any further liabilities that may result from the failure to defend the First Litigation and the Second Litigation other than accruing for a liability of HK$97,614,000 which is included in other payables, deposits received and accruals. However, if the First Litigation and the Second Litigation are successfully brought against the Group, the Group may not be able to raise sufficient funds to repay all the Demanded Sums and its other obligations as and when they become due. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify certain assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. 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 ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvement to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC)-INT 14	Prepayments of a minimum funding requirement
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

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

HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[1]
	Disclosures — Offsetting financial assets and financial liabilities[2]
HKFRS 9	Financial instruments[3]
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[3]
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[5]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[6]
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

4. REVENUE

Revenue represents the net amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. During the year, the Group is newly engaged in metal tin mining and sales of tin concentrates through the acquisition of Parksong which is identifiable as new operating and reportable segment in current year. Moreover, trading of non-ferrous metal has become a substantial operating activity to the Group. Therefore they are reported as new reportable and operating segments.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

(a) manufacturing and sales of insulation and heat resistance materials ("Manufacturing");

(b) trading of copper and silicone rubber conducted by Vitar Insulation and its subsidiaries ("Vitar Trading");

(c) metal tin mining and sales of tin concentrates ("Mining"); and

(d) trading of metal resources ("Trading").

As the Manufacturing operation and Vitar Trading operation were discontinued in the current year, the segment information reported below does not include financial information in respect of these discontinued operations. Accordingly, the comparatives of segment information have been restated.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 December 2011

Continuing operations

	Trading *HK$'000*	**Mining** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	**12,872**	**342,754**	**355,626**
Segment loss	**(10,792)**	**(928,415)**	**(939,207)**
Unallocated corporate expenses			**(96,673)**
Unallocated finance costs			**(51,840)**
Loss before taxation			**(1,087,720)**

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment loss during the year ended 31 December 2011 represents loss from each segment without allocation of unallocated administration costs and certain finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

During the year 31 December 2010, the loss for the year from continuing operations represented the corporate expenses being incurred, which cannot be allocated to any operating and reportable segments.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 31 December 2011

	Trading *HK$'000*	**Mining** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**33,825**	**1,026,189**	**1,060,014**
Property, plant and equipment			**4,810**
Deferred tax assets			**34,720**
Other receivables, prepayments and deposits			**56,426**
Held for trading investments			**18,574**
Bank balances and cash			**9,589**
Consolidated assets			**1,184,133**
Liabilities			
Segment liabilities	**—**	**124,559**	**124,559**
Other payables, deposits received and accruals			**100,534**
Convertible bonds			**361,026**
Financial liabilities at FVTPL			**20,400**
Deferred tax liabilities			**123,104**
Consolidated liabilities			**729,623**

At 31 December 2010

	HK$'000
Assets	
Segment assets *(note)*	—
Reconciliation of segment total to group level:	
Assets relating to discontinued operations	211,388
Property, plant and equipment	9,053
Deposit paid for acquisition of a target company	280,000
Other receivables, prepayments and deposits	6,886
Bank balances and cash	42,645
Consolidated assets	549,972
Liabilities	
Segment liabilities *(note)*	—
Reconciliation of segment total to group level:	
Liabilities relating to discontinued operations	50,771
Other payables, deposits received and accruals	38
Bank overdrafts	881
Consolidated liabilities	51,690

Note: As at 31 December 2010, no assets and liabilities are allocated to reporting and operating segments relating to continuing operations.

For the year ended 31 December 2011, for the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, deferred tax assets, certain other receivables, prepayments and deposits, held for trading investments and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables, deposits received and accruals convertible bonds, deferred tax liabilities and financial liabilities at FVTPL.

Other segment information

For the year ended 31 December 2011

Continuing operations

Amounts included in the measure of segment profit or loss or segment assets:

	Trading	**Mining**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to property, plant and equipment	**3,635**	**108,343**	**599**	**112,577**
Depreciation of property, plant and equipment	**1,243**	**49,141**	**2,569**	**52,953**
Amortisation of mining rights	**—**	**86,591**	**—**	**86,591**
Impairment loss recognised on mining rights	**—**	**226,448**	**—**	**226,448**
Impairment loss recognised on property, plant and equipment	**—**	**48,688**	**—**	**48,688**
Impairment loss recognised on exploration and evaluation assets	**—**	**477,059**	**—**	**477,059**
Impairment loss recognised on deposits	**5,618**	**—**	**—**	**5,618**
Gain on disposal of property, plant and equipment	**—**	**(2,547)**	**—**	**(2,547)**

Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products:

	2011	2010
	HK$'000	*HK$'000*
Sales of titanium concentrate	**12,872**	—
Sales of tin concentrate	**342,754**	—
	355,626	—

Geographical information

The Group's operations are located in Australia for Mining operation and the People's Republic of China (the "PRC") for Trading operations.

Based on the shipping or delivery documents of each sales transaction, the management has categorised the revenue from continuing operations by location of customers as follows:

	Revenue from external customers	
	2011	2010
	HK$'000	*HK$'000*
The PRC	**12,872**	—
Australia	**342,754**	—
	355,626	—

As at 31 December 2011, non-current assets of the Group of HK$264,682,000 (2010: nil), HK$4,730,000 and HK$4,811,000 were located in Australia, the PRC and Hong Kong, respectively.

Note: Non-current assets excluded those relating to discontinued operations, deferred tax assets, mining rights, exploration and evaluation assets and deposits.

Information about major customers

During the year ended 31 December 2011, Yunnan Tin Company Limited and Yunnan Tin Australia TDK Resources Pty Limited, which are subsidiaries of non-controlling shareholder of a subsidiary of the Company, contributed revenue of HK$46,714,000 and HK$296,040,000 of the total revenue of the Group respectively.

6. OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Fair value change of derivative financial instruments	**(121,980)**	—
Fair value change of financial liabilities at FVTPL	**17,400**	—
Impairment loss recognised on mining rights	**(226,448)**	—
Impairment loss recognised on property, plant and equipment	**(48,688)**	—
Impairment loss recognised on exploration and evaluation assets	**(477,059)**	—
Impairment loss recognised on deposits	**(5,618)**	—
Net foreign exchange gain	**7,555**	—
Gain on disposal of property, plant and equipment	**2,547**	—
	(852,291)	—

7. TAXATION

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
The credit comprises:		
Current tax expenses in Australia for the year	**(15,182)**	—
Deferred tax credit for the year	**301,023**	—
	285,841	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

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 onwards.

Under Australian tax law, the tax rate used for the year is 30% on taxable profits on Australian incorporated entities.

8. LOSS FOR THE YEAR

	2011 *HK$'000*	2010 *HK$'000* (Restated)
Loss for the year has been arrived at after charging:		
Continuing operations		
Auditor's remuneration	**2,150**	1,000
Cost of inventories recognised as an expense	**419,763**	—
Depreciation of property, plant and equipment	**52,953**	1,114
Amortisation of mining rights	**86,591**	—
Operating lease rentals in respect of rented premises, equipment and leasehold land	**3,163**	2,240
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**50,457**	4,398
— Contributions to retirement benefit schemes	**7,614**	69
— Share-based payment expenses	**70,131**	—
	128,202	4,467

9. DIVIDEND

No final dividend in respect of the years ended 31 December 2011 and 2010 was proposed by the directors.

10. LOSS PER SHARE

The calculation of the basic loss per share for each of the two years ended 31 December 2011 and 2010 is based on the consolidated loss attributable to the owners of the Company for the respective years and on the number of shares as follows as adjusted for the share split on 24 February 2010:

	2011	2010
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**2,880,000,000**	2,705,095,890

The incremental shares from assumed exercise of share options and conversion of convertible bonds are excluded in calculating the diluted loss per share from the continuing and discontinued operations because they are antidilutive in calculating the diluted loss per share from continuing operations.

From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(733,490)**	(12,756)
Less: loss (profit) for the year from discontinued operations	**49,461**	(9,239)
Loss for the purpose of basic loss per share from continuing operations	**(684,029)**	(21,995)

From discontinued operations

Basic loss per share for the discontinued operations is HK1.72 cents per share (2010: earnings per share of HK 0.34 cents per share), based on the loss for the year from the discontinued operations of approximately HK$49,461,000 (2010: profit of HK$9,239,000) and the denominators detailed above for the basic loss per share.

11. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**26,313**	61,741
Less: Allowance for bad and doubtful debts	**—**	(8,353)
	26,313	53,388

For Mining operation, the Group allows a credit period of 10 days after mutual agreement on grade and weights of tin concentrates with the customers.

The Group allowed a credit period ranging from 30 days to 90 days to its trade customers of Manufacturing and Vitar Trading operations. For certain customers in connection with trading of copper in Vitar Trading operations or had long established relationship with the Group, the Group might grant a longer credit period up to 120 days. The following is an aged analysis of trade receivables (net of allowance for bad and doubtful debts) presented based on invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0–30 days	**26,313**	22,462
31–60 days	**—**	15,863
61–90 days	**—**	12,779
Over 90 days but less than two years	**—**	2,284
Total	**26,313**	53,388

The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of trade receivables and on management's judgment including credit worthiness and past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Trade receivables that are neither past due nor impaired are those debtors with satisfactory credit quality under the management's assessment and with good past repayment record. The directors also believe that there is no further impairment required in excess of the allowance for bad and doubtful debts.

The carrying amounts of the trade receivables denominated in currencies other than the functional currency of the respective group entity are as follows:

	2011	2010
	HK$'000	*HK$'000*
USD	**26,313**	27,113
RMB	**—**	141
	26,313	27,254

Included in the Group's trade receivables were debtors with aggregate carrying amount of HK$2,284,000 which were past due as at 31 December 2010 for which the Group had not provided for impairment loss as receivables were subsequently settled or the customers have no history of default on receivables and the directors of the Company believe that the amounts are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 135 days.

Ageing of trade receivables which are past due but not impaired

	2011	2010
	HK$'000	*HK$'000*
91–180 days	**—**	2,284

Movement in the allowance for bad and doubtful debts

	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of the year	**8,353**	4,773
Impairment losses recognised on trade receivables	**17,583**	3,580
Eliminated on disposal of subsidiaries	**(25,936)**	—
Balance at end of the year	**—**	8,353

At 31 December 2010, allowance for bad and doubtful debts were individually impaired trade debtors with an aggregate balance of HK$8,353,000 which had been in financial difficulties. The Group did not hold any collateral over these balances.

12. TRADE PAYABLES

An aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
0–30 days	**38,889**	11,246
31–60 days	**264**	4,328
61–90 days	**—**	80
90 days but less than one year	**—**	5,252
Total	**39,153**	20,906

The average credit period is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The carrying amounts of the trade payables denominated in currencies other than the functional currency of the respective group entity are as follows:

	2011	2010
	HK$'000	*HK$'000*
USD	**—**	6,516
RMB	**—**	1,990
	—	8,506

13. LITIGATION

(a) On 11 August 2011, the Company and GPL were named as defendants in a writ of summons with a statement of claim by the Vendor claiming for, inter alia, a sum of AUD15,143,422.44 (equivalent to approximately HK$119,788,000), representing all receivables of Parksong and its subsidiaries other than the assets of the 50% interest in certain mining projects ("JV Projects") at the Completion date of acquisition of entire interest in Parksong ("Date of Completion") (the "First Litigation"). According to the agreement dated 13 July 2010 entered into among the Vendor and the Company in relation to the proposed acquisition of the entire issued share capital of Parksong ("Parksong S&P Agreement"), all payables of Parksong and its subsidiaries other than the liabilities of the JV Projects are borne by the Vendor and all receivables of Parksong and its subsidiaries other than the assets of the JV Projects belonged to the Vendor at the Date of Completion. The Company and GPL disagreed with the claim amount because management considered the Vendor has breached certain conditions in the Parksong S&P Agreement and, accordingly, the Company and GPL made a counter-claim of approximately of HK$221,295,000 against the Vendor on 11 October 2011 (the "Counter-Claim"). The Company and GPL have received advice from the legal counsel that based on the materials available so far, it is too early to estimate the chance of winning or losing the case. Pending the outcome of the First Litigation and the Counter-Claim, as at 31 December 2011, the Group accrued for the claim amount within other payables, net of payments on behalf of the Vendor pursuant to the Parksong S&P Agreement.

(b) On 10 November 2011, the Vendor purported to exercise its conversion rights attached to the convertible bonds in the aggregate principal amount of HK$17,100,000 by depositing conversion notices together with the corresponding bond certificates with the Company (the "Conversion"). The directors of the Company considered that since the Vendor failed to reply to the Company's request for information regarding the First Litigation and the Counter-Claim (as stated in note 13(a) above), no share certificates were issued to effect the Conversion. On 7 December 2011, the Company received a demand letter from the Vendor's solicitors alleging that the Company had breached the conditions in convertible bonds agreement by failing to deliver share certificates of the relevant conversion shares by the specified time. In this connection, the Vendor demanded immediate repayment of the outstanding convertible bonds in the aggregate principal amount of HK$597,000,000 held by the Vendor together with all outstanding interests accrued thereon. On 22 December 2011, the Company was named as defendant in a writ of summons with a statement of claim filed by the Vendor. In such statement of claim, the Vendor claimed, among others, the sum of HK$597,000,000 being the aggregate principal amount of the outstanding convertible bonds together with all outstanding interests accrued thereon. A defence was filed by the Company on 2 February 2012 denying such claim. With a view to resolve the matter expeditiously, the Company made a payment of HK$17,100,000, representing the aggregate principal amount of the convertible bonds purported to be exercised, to the Vendor on 14 February 2012. Subsequently, the Vendor issued a summons for an application for summary judgment of the proceedings against the Company on 23 February 2012. The Company filed two affirmations in opposition on 28 March 2012. The Company is currently obtaining legal advice with respect to the hearing of the summons to be heard on 3 August 2012. The Company has received preliminary assessment from the legal counsel which indicates that the Company's grounds of defence are valid defences and not remote. After considering all relevant facts and circumstances, including the preliminary assessment from the legal counsel, the directors of the Company concluded that the Company has a realistic probability of successfully defending the case, and accordingly, no reclassification of the convertible bonds as a current liability or provision for any further liabilities that may result from the failure to defend the case has been made in the consolidated financial statements.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company has repaid the Vendor HK$17,100,000, representing the aggregate principal amount of convertible bonds the Vendor purported to be exercised. The Company obtained a notice from the Vendor's solicitor that the amount claimed by the Vendor is decreased from HK$597,000,000 to HK$579,900,000.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor express an unqualified opinion in the independent auditor's report, but wishes to draw attention by adding the emphasis of matter paragraph as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 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 disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to notes 2 and 46 to the consolidated financial statements which describe that the Company and Gallop Pioneer Limited ("GPL"), a wholly-owned subsidiary of the Company, were named as defendants by the vendor of Parksong Mining and Resource Recycling Limited (the "Vendor"), a wholly-owned subsidiary of the Company, in litigation claiming for a sum of AUD15,143,422.44 (equivalent to approximately HK$119,788,000); and the Company was also named as defendant by the Vendor in another litigation demanding immediate repayment of HK$597,000,000, being the principal amount of the outstanding convertible bonds held by the Vendor together with all outstanding interests accrued thereon (together, the "Demanded Sums"). The outcome of the litigation cannot be reliably determined at this stage, however, if such litigation is successfully brought against the named parties of the Group, the Group may not be able to raise sufficient funds to repay all the Demanded Sums and its other obligations as and when they become due. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The year under review was full of opportunities and challenges for the Group. On 4 March 2011, the Company formally penetrated into the non-ferrous metal industry by completing the acquisition of the entire interest in Parksong Mining and Resource Recycling Limited ("Parksong Mining") which holds the 41% of the interest in the tin mine project in Tasmania, Australia (the "Tin Mine Project"). The Tin Mine Project is comprised of Renison mine, the Mount Bischoff open pit tin mining project and the Rentails tailing processing project. Renison mine has been one of the major hard rock tin mines in the world and the largest tin mine in Australia. Leveraging on the extensive experience of The Company's partner Yunnan Tin Group (Holding) Co., Ltd. (雲南錫業集團 (控股) 有限責任公司) in sales of metal tin and production management of tin mines in Tasmania, the Company will be able to further develop its non-ferrous metal business. Parksong Mining contributed approximately HK$342.8 million of the Group's revenue.

During the year, the global economic environment became more and more complicated. While various parts of the world witnessed different extent of on-track recovery commencing the first quarter of 2011, their paces and momentum of rebound were hindered by the lingering economic uncertainties, political unrests and natural disasters. The Eurozone sovereignty debt crisis, the downgrading of the United States sovereignty debt rating, the sluggish recovery and the danger of double-dip recession in the United States, the on-going proactive macro-economic and the volatile commodity prices would all have weighed on the business environment in which the Group was operating. With the aforesaid effects, the international prices of tin increased initially but decreased eventually in 2011. The London Metal Exchange ("LME") cash settlement prices at 4 March 2011, the Completion Date of the acquisition of the tin mine project in Tasmania, Australia, and at 31 December 2011, the financial year end of the Company, were US$31,905 and US$18,950 respectively. The volatility of tin prices hurt the valuation of newly acquired Tin Mine Project. As a result, substantial impairment losses on mining structure, mining rights and exploration and evaluation assets were recognised which lead to a loss for the year amounted to approximately HK$752.2 million. Such impairment losses were non-operating with no cash flow impact to the Group.

On 5 December 2011, the Group entered into a sale and purchase agreement to disposal entire issued share capital of Vitar Insulation, which carried out the Group's entire Manufacturing operation and Vitar Trading operations. The disposal was effected in order to focus on its core business of Mining operation and sales of non-ferrous metal. The disposal was completed on 29 December 2011, on which the date control of Vitar Insulation passed to the acquirer.

FINANCIAL REVIEW

The figures adopted in this financial review represent the sum of the figures of continued and discontinued operations. For results of discontinued operation, please refer to the paragraph titled "MATERIAL DISPOSAL AND DISCONTINUED OPERATION".

Revenue

The Group's audited consolidated revenue and loss attributable to the Company's shareholders for the year ended 31 December 2011 were amounted to approximately HK$586.9 million (2010: HK$207.4 million) and HK$733.5 million (2010: HK$12.8 million) respectively. The Group's revenue has been increased by 183.0% from that of last year. It is the year with the best sales performance as recorded in the last five years of the Group. The revenue of the Group increased due to the completion of the acquisition the Tin Mine Project which post an immediate contribution to the Group's revenue of HK$342.8 million.

Cost of sales

Cost of sales includes mainly direct material costs, direct labor costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$627.6 million for the year ended 31 December 2011 and HK$178.4 million for the year ended 31 December 2010, representing respectively 106.9% and 86.0% of the revenue recorded in the respective years.

Gross profit and margin

The Group recorded a gross loss of HK$40.7 million for the year ended 31 December 2011. The Group recorded a gross profit of HK$28.9 million in 2010. The Group posted a gross loss for the year was mainly attributable to the recognition of impairment losses on mining rights, exploration and evaluation assets which were non-operating with no cash flow impact to the Group.

Other gains and losses

The Group recorded other losses of approximately HK$874.9 million for the year ended 31 December 2011 while the Group recorded an other gain of approximately HK$7.9 million for the year ended 31 December 2010. The other losses for the year mainly as a result of fair value change of derivative financial instruments, impairment loss recognised on mining structure, mining rights and exploration and evaluation assets.

Administrative expenses

Administrative expenses, which represented 22% of the Group's revenue, increase by approximately 228% from HK$39.3 million for the year ended 31 December 2010 to approximately HK$129.1 million for the year ended 31 December 2011. Such increase was mainly attributable to the recognition of share-based payment expenses, the increase in share of expenses of tin mining business, additional professional fee on acquisition and related expenses, and increase in remuneration of the new management from a stronger team of board and management members.

Finance costs

Finance costs representing 9.6% of the Group's revenue, increase substantially from HK$0.5 million for the year ended 31 December 2010 to HK$56.4 million for the year ended 31 December 2011. Such increase mainly due to the effective interest expense on the Convertible Bonds defined below.

Pursuant to the sale and purchase agreement of acquiring the entire share capital of Parksong Mining (the "Acquisition"), part of the consideration is settled by issuance of convertible bonds. On the Completion Date, the Company issued zero-coupon convertible bonds with principal amount of HK$773.5 million with maturity of five years (the "Convertible Bonds"). The Convertible Bonds were denominated in Hong Kong Dollar ("HK$") and entitled the holders to convert them into shares of the Company at any time within 5 years from the date of issue of the Convertible Bonds, at the conversion price of HK$1.47 per share. If the Convertible Bonds had not been converted, they would be redeemed on 3 March 2016 at par. There is no early redemption term by the Company to redeem the Convertible Bonds before the maturity date.

The Convertible Bonds contained two components, liability and equity elements. The equity element was presented in equity under the heading of convertible bonds equity reserve. The effective interest rate of the liability component was 20.12% at the date of initial recognition.

Taxation

The Group recorded net deferred tax credit of approximately HK$301.0 million and recorded income tax expense of approximately HK$15.2 million for the year ended 31 December 2011.

Loss attributable to shareholders

Loss attributable to the Company's shareholders increased from approximately HK$12.8 million for the year ended 31 December 2010 to approximately HK$733.49 million for the year ended 31 December 2011. The loss was attributable mainly to the increase in administrative expenses, other gains and losses, finance costs and loss from discontinued operations.

Loss attributable to shareholders as a percentage of revenue increase from 6.2% for the year ended 31 December 2010 to 125% for the year ended 31 December 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and bank borrowings. At 31 December 2011, the Group did not have any bank facilities but had obligation under finance leases of approximately HK$43.0 million. The gearing ratio of the Group, calculated as a ratio of bank borrowings to total assets, was 3.6% as at 31 December 2011 (31 December 2010: 2.0%).

As at 31 December 2011, the Group had net current assets of approximately HK$171.6 million (31 December 2010: HK$151.1 million). Current ratio as at 31 December 2011 was 1.87 (31 December 2010: 3.9). The net cash position of the Group as at 31 December 2011 was approximately HK$126.1 million (31 December 2010: HK$118.7 million).

The Group has consistently maintained a sound financial position with low gearing ratio, high liquidity and adequate financial resources.

The Group has bank balances, bank borrowings, sales and purchases denominated in foreign currencies, which expose the Group to foreign currency risk. The currency risk for those subsidiaries with functional currency in HK$ is mainly attributable to the bank balances, trade receivables, trade payable and bank borrowings denominated in Australian Dollars ("AUD"), Renminbi ("RMB") and USD as at the balance sheet date. As the exchange rate of HK$ is pegged against USD, in the opinion of the directors of the Company (the "Directors"), the currency risk of USD is insignificant to these subsidiaries. Exchange rate fluctuation of RMB and AUD may affect the Group's performance and asset value. However, we managed to balance the RMB and AUD assets and liabilities in order to minimize the exchange exposure.

The Group currently does not maintain a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGES OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2011, the net book value of property, plant and equipment includes an amount of approximately HK$50.2 million (2010: nil) in respect of assets held under finance leases as at 31 December 2011. Such property, plant and equipment had been pledged to secure the finance leases being granted.

As at 31 December 2011, except for the litigations as set out in note 12 to this announcement, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

The Group had HK$667,000 capital commitment as at 31 December 2011 (2010: HK$160,000).

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2011, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$85.9 million (2010: HK$14.2 million).

As at 31 December 2011, the Group's equity securities listed in Hong Kong amounted to approximately HK$18.6 million (2010: nil).

MATERIAL DISPOSAL AND DISCONTINUED OPERATION

On 5 December 2011, the Group entered into a sale and purchase agreement to disposal entire issued share capital of Vitar Insulation, which carried out the Group's entire Manufacturing operation and Vitar Trading operations. The disposal was effected in order to focus on its core business of Mining operation and sales of non-ferrous metal. The disposal was completed on 29 December 2011, on which the date control of Vitar Insulation passed to the acquirer.

The results of the discontinued operations for the period from 1 January 2011 to 29 December 2011 and prior year, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.1.2011 to 29.12.2011	1.1.2010 to 31.12.2010
	HK$'000	*HK$'000*
Revenue	**231,286**	207,350
Cost of sales	**(207,781)**	(178,414)
Interest income	**814**	284
Other income	**447**	81
Other gains and losses	**(22,573)**	7,873
Selling and distribution expenses	**(1,678)**	(1,112)
Administrative expenses	**(23,034)**	(24,235)
Finance costs	**(101)**	(487)
(Loss) profit before taxation	**(22,620)**	11,340
Taxation	**(219)**	(2,101)
(Loss) profit for the period	**(22,839)**	9,239

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group employed approximately 31 employees (2010: 380). The Group implemented its remuneration policy, bonus and share option scheme based on the achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and the employees for Mining operation are employed by BMTJV on behalf of YT Parksong Australia and BMT. These BMTJV employees and the employees of YT Parksong Australia are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

SHARE OPTION SCHEME

On 21 October 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of Scheme include, without limitation, employees, Directors, shareholder and any other eligible persons of the Group. Up to 31 December 2011, no share option has been granted or agreed to be granted to any person under the Scheme.

On 17 January 2011, the Company granted 110,000,000 share options to certain directors of the Company, employees and consultants of the Group. No consideration was received for the grant of the options. 50% of options will be exercisable 10 years from 18 July 2011 and 50% of options will be exercisable 10 years from 18 January 2012 at an exercise price of HK$1.704 per share. On and before 19 September 2011, all grantees agreed with the Company to cancel all share options granted to them and 30,000,000 share options forfeited due to the resignations of the relevant employees and consultant. No outstanding share options are issued but not exercise thereafter.

PROSPECT

The completion of the acquisition of the Tin Mine Project signified the Group's significant presence in the non-ferrous metal industry. Since then, the Company became a non-ferrous metal enterprise focusing on tin mining and sales of tin concentrates. The decision for the Company's transformation of its business to mining and sales of tin resources was made by the Board and the management after their in-depth research and analysis on non-ferrous metals, in particular the tin market. During recent years, global tin metal resources have become scarce with tin reservation decrease from approximately 8.00 million tonnes in 2008 to approximately 6.10 million tonnes. Tin output in China contributed 40% of the total output in the world, while its consumption accounted as much as about one-third of the world's total consumption. The shortage and insufficient supply of tin metal resources is even more prominent in the China market. In view of the market condition and future development trend of the industry, the Group acquired Tin Mine Project and commenced metal tin mining business in Tasmania, Australia so as to capture the enormous future development prospect of the mining industry.

On the other hand, the Group will also explore other business opportunities and consider asset disposals, asset acquisitions, business rationalization, divestment and/or diversification when appropriate, to enhance the long term growth of the Group.

The Board believes that new opportunities could enhance the value of the Company and improve the Shareholders' return. With future emphasis being placed on business rationalization and diversification, it is anticipated that these efforts would offer further business growth. The Group will continue to strive for advancement in both quantity and quality of earnings and expansion of business by all means, including merger, acquisition or establishment of business ventures.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2011.

AUDIT COMMITTEE

An Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2011. As at the date of this announcement, the Audit Committee comprises all of the three independent non-executive directors, namely Mr. Poon Fuk Chuen, Mr. Liu Feng and Mr. Zhong Wei Guang.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 31 December 2011.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 December 2011.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published on the website of The Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.goodtoptin.com). The annual report will be dispatched to shareholders and will be available on the website of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By the order of the Board
Goodtop Tin International Holdings Limited
Cheung Wai Kuen
Executive Director

Hong Kong, 30 March 2012

As of the date of this announcement, the Board comprises Mr. XIE Hai Yu (Chairman), Mr. CHENG Hau Yan (Deputy Chairman) and Mr. CHEUNG Wai Kuen as executive Directors; and Mr. POON Fuk Chuen, Mr. LIU Feng and Mr. ZHONG Wei Guang as independent non-executive Directors.