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## **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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board of directors (the “Board”) of Goodtop Tin International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2012*

|                               |              | <b>Six months ended</b> |             |
|-------------------------------|--------------|-------------------------|-------------|
|                               | <i>Notes</i> | <b>30.6.2012</b>        | 30.6.2011   |
|                               |              | <b>HK\$'000</b>         | HK\$'000    |
|                               |              | <b>(unaudited)</b>      | (unaudited) |
|                               |              |                         | (restated)  |
| <b>Continuing operations:</b> |              |                         |             |
| Revenue                       | 3            | <b>169,980</b>          | 199,291     |
| Cost of sales                 |              | <b>(215,076)</b>        | (166,860)   |
| Gross (loss) profit           |              | <b>(45,096)</b>         | 32,431      |
| Interest income               |              | <b>199</b>              | 351         |
| Other income                  |              | <b>851</b>              | —           |
| Other gains and losses        | 5            | <b>(88,446)</b>         | 44,244      |
| Administrative expenses       |              | <b>(37,247)</b>         | (82,759)    |
| Finance costs                 | 6            | <b>(37,331)</b>         | (19,434)    |
| Loss before taxation          |              | <b>(207,070)</b>        | (25,167)    |
| Taxation credit (charge)      | 7            | <b>52,418</b>           | (11,636)    |

|  |              | <b>Six months ended</b> |                           |
|--|--------------|-------------------------|---------------------------|
|  |              | <b>30.6.2012</b>        | 30.6.2011                 |
|  | <i>Notes</i> | <b>HK\$'000</b>         | <b>HK\$'000</b>           |
|  |              | <b>(unaudited)</b>      | (unaudited)<br>(restated) |
| <b>Loss for the period from continuing operations</b>                                      | 9            | <b>(154,652)</b>        | (36,803)                  |
| Discontinued operations:   |              |                         |                           |
| Profit for the period from discontinued operations   | 8            | <u>—</u>                | <u>2,322</u>              |
| <b>Loss for the period</b>   |              | <u><b>(154,652)</b></u> | <u>(34,481)</u>           |
| <b>Other comprehensive income</b>  |              |                         |                           |
| Exchange differences arising on translating<br>foreign operations to presentation currency |              | <u>975</u>              | <u>2,458</u>              |
| <b>Total comprehensive expense for the period</b>  |              | <u><b>(153,677)</b></u> | <u>(32,023)</u>           |
| <b>(Loss) Profit for the period attributable to<br/>owners of the Company:</b>             |              |                         |                           |
| — from continuing operations   |              | <b>(136,310)</b>        | (48,309)                  |
| — from discontinued operations   |              | <u>—</u>                | <u>2,322</u>              |
|  |              | <b>(136,310)</b>        | (45,987)                  |
| (Loss) profit for the period attributable to<br>non-controlling interests                  |              |                         |                           |
| — from continuing operations   |              | <u>(18,342)</u>         | <u>11,506</u>             |
|  |              | <u><b>(154,652)</b></u> | <u>(34,481)</u>           |
| <b>Total comprehensive (expense) income<br/>attributable to:</b>                           |              |                         |                           |
| Owners of the Company  |              | <b>(135,521)</b>        | (43,529)                  |
| Non-controlling interests  |              | <u>(18,156)</u>         | <u>11,506</u>             |
|  |              | <u><b>(153,677)</b></u> | <u>(32,023)</u>           |
| <b>Loss per share (HK cents)</b>   | <i>11</i>    |                         |                           |
| From continuing and discontinued operations:   |              |                         |                           |
| Basic and diluted  |              | <u><b>(4.73)</b></u>    | <u>(1.60)</u>             |
| From continuing operations:  |              |                         |                           |
| Basic and diluted  |              | <u><b>(4.73)</b></u>    | <u>(1.68)</u>             |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2012*

|   | <i>Notes</i> | <b>30.6.2012</b><br><i>HK\$'000</i><br><b>(unaudited)</b> | 31.12.2011<br><i>HK\$'000</i><br><b>(audited)</b> |
|---|--------------|---|---|
| <b>Non-current assets</b>   |              |   |   |
| Property, plant and equipment   | <i>12</i>    | <b>295,096</b>  | 274,223   |
| Mining rights   |              | <b>187,898</b>  | 158,320   |
| Exploration and evaluation assets                                       |              | <b>271,848</b>  | 331,547   |
| Deposits  |              | <b>16,371</b>   | 16,364  |
| Deferred taxation   |              | <b>51,147</b>   | 34,720  |
|   |              | <hr/> <b>822,360</b> <hr/>                                | <hr/> 815,174 <hr/>                               |
| <b>Current assets</b>   |              |   |   |
| Inventories   |              | <b>19,328</b>   | 18,025  |
| Trade receivables   | <i>13</i>    | <b>39,469</b>   | 26,313  |
| Other receivables, prepayments and deposits                             |              | <b>20,731</b>   | 87,720  |
| Derivative financial instruments  |              | —   | 92,244  |
| Held-for-trading investment   |              | <b>23,395</b>   | 18,574  |
| Bank balances and cash  |              | <b>92,254</b>   | 126,083   |
|   |              | <hr/> <b>195,177</b> <hr/>                                | <hr/> 368,959 <hr/>                               |
| <b>Current liabilities</b>  |              |   |   |
| Trade payables  | <i>14</i>    | <b>57,644</b>   | 39,153  |
| Other payables, deposits received and accruals                          |              | <b>90,948</b>   | 104,655   |
| Financial liabilities at fair value through<br>profit or loss (“FVTPL”) |              | <b>12,657</b>   | 20,400  |
| Obligations under finance leases  |              | <b>11,971</b>   | 12,581  |
| Amount due to non-controlling interest of a subsidiary                  |              | <b>36,673</b>   | —   |
| Tax payable   |              | —   | 20,531  |
|   |              | <hr/> <b>209,893</b> <hr/>                                | <hr/> 197,320 <hr/>                               |
| <b>Net current (liabilities) assets</b>                                 |              | <hr/> <b>(14,716)</b> <hr/>                               | <hr/> 171,639 <hr/>                               |
| <b>Total assets less current liabilities</b>                            |              | <hr/> <b>807,644</b> <hr/>                                | <hr/> 986,813 <hr/>                               |

|  | <i>Notes</i> | <b>30.6.2012</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 31.12.2011<br><i>HK\$'000</i><br>(audited) |
|--|--------------|---|--|
| <b>Capital and reserves</b>                  |              |   |  |
| Issued capital                               | <i>15</i>    | <b>14,400</b>   | 14,400                                     |
| Reserves                                     |              | <b>246,670</b>  | 393,326                                    |
|  |              | <hr/>   | <hr/>                                      |
| Equity attributable to owners of the Company |              | <b>261,070</b>  | 407,726                                    |
| Non-controlling interests                    |              | <b>28,628</b>   | 46,784                                     |
|  |              | <hr/>   | <hr/>                                      |
| Total equity                                 |              | <b>289,698</b>  | 454,510                                    |
|  |              | <hr/>   | <hr/>                                      |
| <b>Non-current liabilities</b>               |              |   |  |
| Deferred taxation                            |              | <b>87,628</b>   | 123,104                                    |
| Convertible bonds                            |              | <b>389,231</b>  | 361,026                                    |
| Provision for rehabilitation                 |              | <b>17,718</b>   | 17,711                                     |
| Obligation under finance leases              |              | <b>23,369</b>   | 30,462                                     |
|  |              | <hr/>   | <hr/>                                      |
|  |              | <b>517,946</b>  | 532,303                                    |
|  |              | <hr/>   | <hr/>                                      |
| <b>Total equity and liabilities</b>          |              | <b>807,644</b>  | 986,813                                    |
|  |              | <hr/> <hr/>   | <hr/> <hr/>                                |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30 June 2012*

|   | Attributable to owners of the Company |                              |                                    |  |                                |   |                                 |                      |  | Total<br>HK\$'000 |
|---|---------------------------------------|------------------------------|------------------------------------|--|--------------------------------|---|---------------------------------|----------------------|--|-------------------|
|   | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Share<br>option<br>reserve<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Convertible<br>bonds<br>equity<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Subtotal<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 |                   |
| <b>At 1 January 2011 (audited)</b>                      | 14,400                                | 389,589                      | 12,075                             | —                                      | 7,800                          | —   | 74,418                          | 498,282              | —  | 498,282           |
| Loss for the period                                     | —                                     | —                            | —                                  | —                                      | —                              | —   | (45,987)                        | (45,987)             | 11,506                                       | (34,481)          |
| Other comprehensive income<br>for the period            | —                                     | —                            | 2,458                              | —                                      | —                              | —   | —                               | 2,458                | —  | 2,458             |
| Total comprehensive income<br>(expense) for the period  | —                                     | —                            | 2,458                              | —                                      | —                              | —   | (45,987)                        | (43,529)             | 11,506                                       | (32,023)          |
| Acquisition of subsidiaries                             | —                                     | —                            | —                                  | —                                      | —                              | —   | —                               | —                    | (2,288)                                      | (2,288)           |
| Recognition of equity component of<br>convertible bonds | —                                     | —                            | —                                  | —                                      | —                              | 458,901   | —                               | 458,901              | —  | 458,901           |
| Recognition of equity settled<br>share-based payments   | —                                     | —                            | —                                  | 58,752                                 | —                              | —   | —                               | 58,752               | —  | 58,752            |
| <b>At 30 June 2011 (unaudited)</b>                      | <u>14,400</u>                         | <u>389,589</u>               | <u>14,533</u>                      | <u>58,752</u>                          | <u>7,800</u>                   | <u>458,901</u>  | <u>28,431</u>                   | <u>972,406</u>       | <u>9,218</u>                                 | <u>981,624</u>    |
| <b>At 1 January 2012 (audited)</b>                      | 14,400                                | 389,589                      | 7,664                              | —                                      | 7,800                          | 577,214   | (588,941)                       | 407,726              | 46,784                                       | 454,510           |
| Loss for the period                                     | —                                     | —                            | —                                  | —                                      | —                              | —   | (136,310)                       | (136,310)            | (18,342)                                     | (154,652)         |
| Other comprehensive income<br>for the period            | —                                     | —                            | 789                                | —                                      | —                              | —   | —                               | 789                  | 186  | 975               |
| Total comprehensive income<br>(expense) for the period  | —                                     | —                            | 789                                | —                                      | —                              | —   | (136,310)                       | (135,521)            | (18,156)                                     | (153,677)         |
| Early redemption on<br>convertible bonds                | —                                     | —                            | —                                  | —                                      | —                              | (11,135)  | —                               | (11,135)             | —  | (11,135)          |
| <b>At 30 June 2012 (unaudited)</b>                      | <u>14,400</u>                         | <u>389,589</u>               | <u>8,453</u>                       | <u>—</u>                               | <u>7,800</u>                   | <u>566,079</u>  | <u>(725,251)</u>                | <u>261,070</u>       | <u>28,628</u>                                | <u>289,698</u>    |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2012*

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”).

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2012 are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for the Group’s financial year beginning on 1 January 2012.

|                      |  |
|----------------------|--|
| HKAS 12 (Amendments) | Deferred tax — Recovery of underlying assets |
| HKFRS 7 (Amendments) | Disclosures — Transfers of financial assets  |

The application of amendments to HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

### 3. 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.

### 4. 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.

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”).

The Manufacturing operation and Vitar Trading operation were discontinued during the second half of the year ended 31 December 2011, because the Group disposed Vitar Insulation Holdings Limited (“Vitar Insulation”), which is principally engaged in these segments. Thus, the segment information reported below does not include financial information in respect of these discontinued operations which are described in more detail in note 8. Accordingly, the comparatives of segment information have been restated.

**Condensed consolidated statement of comprehensive income (unaudited)***For the six months ended 30 June 2012*

|                                | Trading<br><i>HK\$'000</i> | Mining<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|----------------------------|---------------------------|---------------------------------|
| Segment revenue                | <u>—</u>                   | <u>169,980</u>            | <u>169,980</u>                  |
| Segment result                 | <u>(3,543)</u>             | <u>(163,773)</u>          | <u>(167,316)</u>                |
| Unallocated corporate income   |                            |                           | 23                              |
| Unallocated corporate expenses |                            |                           | (3,390)                         |
| Finance costs                  |                            |                           | <u>(36,387)</u>                 |
| Loss before taxation           |                            |                           | <u>(207,070)</u>                |

**Other information (unaudited)***For the six months ended 30 June 2012*

|   | Trading<br><i>HK\$'000</i> | Mining<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|---|----------------------------|---------------------------|--------------------------------|---------------------------------|
| Additions to property, plant and equipment    | —                          | 45,827                    | 1,586                          | 47,413                          |
| Depreciation of property, plant and equipment | 266                        | 30,155                    | 1,045                          | 31,466                          |
| Amortisation of mining rights                 | <u>—</u>                   | <u>23,851</u>             | <u>—</u>                       | <u>23,851</u>                   |

**Condensed consolidated statement of comprehensive income (unaudited)***For the six months ended 30 June 2011*

Continuing operations

|                                | Trading<br><i>HK\$'000</i> | Mining<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|----------------------------|---------------------------|---------------------------------|
| Segment revenue                | <u>12,808</u>              | <u>186,483</u>            | <u>199,291</u>                  |
| Segment result                 | <u>(142)</u>               | <u>47,029</u>             | 46,887                          |
| Unallocated corporate income   |                            |                           | 29,787                          |
| Unallocated corporate expenses |                            |                           | (82,407)                        |
| Finance costs                  |                            |                           | <u>(19,434)</u>                 |
| Loss before taxation           |                            |                           | <u>(25,167)</u>                 |

**Other information (unaudited)**

For the six months ended 30 June 2011

Continuing operations

|   | Trading<br>HK\$'000 | Mining<br>HK\$'000 | Unallocated<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|---------------------|--------------------|-------------------------|--------------------------|
| Additions to property, plant and equipment    | —                   | 292,943            | 1,248                   | 294,191                  |
| Depreciation of property, plant and equipment | —                   | 15,100             | 122                     | 15,222                   |
| Amortisation of mining rights                 | —                   | 17,016             | —                       | 17,016                   |

**5. OTHER GAINS AND LOSSES**

Continuing operations

|  | Six months ended                      |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 30.06.2012<br>HK\$'000<br>(unaudited) | 30.06.2011<br>HK\$'000<br>(unaudited) |
| (Loss) gain on fair value change of derivative financial instruments | (92,244)                              | 13,862                                |
| Fair value change of financial liabilities at FVTPL                  | 7,743                                 | —                                     |
| Fair value change of held-for-trading investments                    | (8,081)                               | —                                     |
| Gain on early redemption on convertible bonds                        | 2,217                                 | —                                     |
| Net foreign exchange gain  | 1,919                                 | 30,382                                |
|  | <b>(88,446)</b>                       | <b>44,244</b>                         |

**6. FINANCE COSTS**

Continuing operations

|   | Six months ended                      |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 30.06.2012<br>HK\$'000<br>(unaudited) | 30.06.2011<br>HK\$'000<br>(unaudited) |
| Interest on:  |                                       |                                       |
| Obligations under finance leases wholly repayable within five years | 944                                   | —                                     |
| Convertible bonds   | 36,387                                | 19,434                                |
|   | <b>37,331</b>                         | <b>19,434</b>                         |



## 7. TAXATION CREDIT (CHARGE)

### Continuing operations

|                                     | Six months ended |                 |
|-------------------------------------|------------------|-----------------|
|                                     | 30.06.2012       | 30.06.2011      |
|                                     | HK\$'000         | HK\$'000        |
|                                     | (unaudited)      | (unaudited)     |
| Current tax in Australia Income Tax | —                | (13,626)        |
| Deferred tax credit                 | <u>52,418</u>    | <u>1,990</u>    |
|                                     | <u>52,418</u>    | <u>(11,636)</u> |

Australia Income Tax has been provided at the statutory rate of 30% on the estimated assessable profits arising in Australia during the period.

The estimated average annual tax rate used is 30% for the six months ended 30 June 2012.

## 8. DISCONTINUED OPERATIONS

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 operation.

The profit for the six month ended 30 June 2011 from the discontinued operations is analysed as follows:

|  | HK\$'000     |
|--|--------------|
| Profit of Manufacturing segment for the period | 1,918        |
| Profit of Vitar Trading segment for the period | <u>404</u>   |
|  | <u>2,322</u> |

The results of the Manufacturing and Vitar Trading operations for the six months ended 30 June 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

|                                   | HK\$'000     |
|-----------------------------------|--------------|
| Revenue                           | 112,652      |
| Cost of sales                     | (99,437)     |
| Interest income                   | 474          |
| Other income                      | 230          |
| Other gains and losses            | 30           |
| Selling and distribution expenses | (1,237)      |
| Administrative expenses           | (9,977)      |
| Finance costs                     | <u>(234)</u> |
| Profit before taxation            | 2,501        |
| Taxation                          | <u>(179)</u> |
| Profit for the period             | <u>2,322</u> |

Profit for the period from discontinued operations includes the following:

|   | <i>HK\$'000</i> |
|---|-----------------|
| Auditor's remuneration                                | 407             |
| Cost of inventories recognised as expenses            | 99,437          |
| Depreciation of property, plant and equipment         | 2,382           |
| Release of prepaid lease payments                     | 70              |
| Operating lease rentals in respect of rental premises | 568             |
| Staff costs   | 11,147          |
|   | <u>11,147</u>   |

## 9. LOSS FOR THE PERIOD

### Continuing operations

|   | <b>Six months ended</b> |                 |
|---|-------------------------|-----------------|
|   | <b>30.06.2012</b>       | 30.06.2011      |
|   | <i>HK\$'000</i>         | <i>HK\$'000</i> |
|   | <b>(unaudited)</b>      | (unaudited)     |
| Loss for the period has been arrived at after charging: |                         |                 |
| Auditor's remuneration                                  | <b>900</b>              | 63              |
| Cost of inventories recognized as an expense            | <b>215,076</b>          | 140,935         |
| Depreciation of property, plant and equipment           | <b>31,466</b>           | 15,222          |
| Amortisation of mining rights                           | <b>23,851</b>           | 17,016          |
| Operating lease rentals in respect of rented premises   | <b>3,070</b>            | 293             |
| Staff costs (including director's emoluments)           | <b>9,900</b>            | 3,591           |
|   | <u>286,163</u>          | <u>177,120</u>  |

## 10. DIVIDEND

The directors do not recommend the payment of an interim dividend (six months ended 30 June 2011: Nil).

## 11. LOSS PER SHARE

The calculation of the basic loss per share for each of the two periods ended 30 June 2012 and 2011 is based on the consolidated loss attributable to the owners of the Company for the respective periods:

|  | <b>2012</b>          | 2011                 |
|--|----------------------|----------------------|
|  | <i>HK\$'000</i>      | <i>HK\$'000</i>      |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>2,880,000,000</u> | <u>2,880,000,000</u> |

The incremental shares from assumed exercise of 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:

Loss figures are calculated as follows:

|   | 2011<br><i>HK\$'000</i> |
|---|-------------------------|
| Loss for the period attributable to owners of the Company               | (45,987)                |
| Less: profit for the period/year from discontinued operations           | <u>(2,322)</u>          |
| Loss for the purpose of basic loss per share from continuing operations | <u><u>(48,309)</u></u>  |

### From discontinued operations

Basic earning per share for the discontinued operations is HK0.08 cents per share for six months ended 30 June 2011, based on the earning for the period from the discontinued operations of approximately HK\$2,322,000 and the denominators detailed above for the basic earnings per share.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to the Group's property, plant and equipment amounted to HK\$47 million (six months ended 30 June 2011: HK\$297 million).

## 13. TRADE RECEIVABLES

|                   | <b>30.06.2012</b><br><i>HK\$'000</i><br>(unaudited) | 31.12.2011<br><i>HK\$'000</i><br>(audited) |
|-------------------|---|--|
| Trade receivables | <u><u>39,469</u></u>                                | <u><u>26,313</u></u>                       |

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 following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period:

|                                     | <b>30.06.2012</b><br><i>HK\$'000</i><br>(unaudited) | 31.12.2011<br><i>HK\$'000</i><br>(audited) |
|-------------------------------------|---|--|
| 0 – 30 days                         | <u>37,297</u>                                       | 26,313                                     |
| Over 90 days but less than one year | <u>2,172</u>  | <u>—</u>                                   |
|                                     | <u><u>39,469</u></u>                                | <u><u>26,313</u></u>                       |

#### 14. TRADE PAYABLES

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

|              | <b>30.06.2012</b><br><i>HK\$'000</i><br><b>(unaudited)</b> | 31.12.2011<br><i>HK\$'000</i><br>(audited) |
|--------------|--|--|
| 0 – 30 days  | <b>57,644</b>  | 38,889                                     |
| 31 – 60 days | <u>—</u>   | <u>264</u>                                 |
|              | <b><u>57,644</u></b>                                       | <b><u>39,153</u></b>                       |

#### 15. SHARE CAPITAL

|  | <b>Number of<br/>Shares</b> | <b>Share<br/>capital</b><br><i>HK\$'000</i> |
|--|-----------------------------|---|
| Ordinary shares of HK\$0.005 each              |                             |   |
| Authorised:                                    |                             |   |
| At 1 January 2012 and 30 June 2012 (unaudited) | <u>20,000,000,000</u>       | <u>100,000</u>                              |
| Issued:  |                             |   |
| At 1 January 2012 and 30 June 2012 (unaudited) | <u>2,880,000,000</u>        | <u>14,400</u>                               |

#### 16. CAPITAL COMMITMENTS

At the end of the reporting period, the Group's share of capital commitments of the JV Projects is as follows:

|   | <b>30.06.2012</b><br><i>HK\$'000</i><br><b>(unaudited)</b> | 31.12.2011<br><i>HK\$'000</i><br>(audited) |
|---|--|--|
| Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: |  |  |
| — property, plant and equipment of JV Projects  | <u>—</u>   | <u>667</u>                                 |

As at 30 June 2012, YT Parksong Australia has provided a guarantee and indemnity to a finance lessor relating to the Group's obligations of finance leases. This guarantee and indemnity are given to as a finance lessor jointly and severally with BMT.

## 17. RELATED PARTY TRANSACTIONS

### Continuing operations

During the period, the Group had entered into the following significant transactions with related parties:

|   | <b>30.06.2012</b><br><i>HK\$'000</i><br><b>(unaudited)</b> | 30.06.2011<br><i>HK\$'000</i><br>(unaudited) |
|---|--|--|
| Sales to Yunnan Tin Australia TDK Resources Pty Ltd ( <i>note</i> ) | <u><b>169,980</b></u>                                      | <u>186,483</u>                               |

*Note:* The price of tin concentrates per dry metric ton was agreed by the above-mentioned parties after taking into account the factors:

- (i) the London Metal Exchange cash settlement average price of tin metal;
- (ii) the treatment charge per dry metric ton;
- (iii) deduction based on the final tin content; and
- (iv) penalty for impurity.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Our principal project is the Renison Tin Project which the Group has 41% interest in. The Renison Tin Project is located in Tasmania, Australia and 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.

A combination of factors in the first half of 2012, including a global economic slowdown plus a retreat in the expansion of fixed assets investments and manufacturing activities in China, caused a major setback of tin industry as well as the Group's businesses in the first half of the year 2012. During the Period, despite the negative external environment, the Group still focused on consolidating its business foundation, including further exploration of new resources and reserves of tin and copper. Following a highly successful year of exploration at the Renison Mine, the annual calculation of resources and reserves of Renison Mine had result in a large increase. The total mining reserve estimate for the Renison Mine had increased by 23% or 8,500 tonnes of contained tin metal. The total mineral resource estimate for the Renison Mine had increased by 13% or 17,700 tonnes of contained tin metal. This increase will strengthen the foundation of Renison Mine for stable production in the future and will eventually be a boost to the profitability of the Renison Mine and the Group. Moreover, a huge progress of the estimation of mineral resources and mining reserve estimates of copper had been made. The copper occurs with and is mined and recovered as a consequence of mining tin. A copper recovery circuit was introduced into the process plant in 2010. As this is the first time in the history of operations that copper has been recovered from the ore, many of the historical drill holes were not assayed for copper, resulting in an underestimation of the contained copper. A new line of business of selling copper was therefore introduced and will serve the Group as a new factor for profit growth for the years to come.

### **FINANCIAL REVIEW**

#### **Revenue, cost of sales and gross profit and margin**

The Group's unaudited consolidated revenue for the six months ended 30 June 2012 was approximately HK\$170.0 million (2011: HK\$199.3 million) representing a year on year decrease of 14.7% as compared to the same period last year.

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\$215.1 million and HK\$166.9 million for the six months ended 30 June 2012 and 2011, representing respectively 126.5% and 83.7% of the revenue recorded in the respective years. The substantial increase in cost of sales is mainly due to the increase in costs paid to the mining contractor, the efficiency of which had decreased. During the period under review, more fees had been paid to the contractor while the products produced remained at the same level as that of last year.

The Group had a gross profit margin at 16.3% for the six months ended 30 June 2011 and made a sharp turn during the period under review and posted a gross loss margin at 26.5%.

The decrease in revenue and the gross loss posted by the Group during the period are due to the fact that the tin price took a nasty dive after the completion of the acquisition of the Renison Mine from a record high USD 33,255 per tonne in April 2011 to USD18,775 per tonne as at 30 June 2011. The Group had sold 1,110 tonnes and 1,140 tonnes of tin metal for the six months ended 30 June 2012 and 2011 respectively. However, the plunge in tin price and increase in cost of sales made the decrease in revenue and gross loss inevitable even though the Group sold almost the same amount of tin metal in terms of tonnage in first half of both years.

### **Administration expenses**

Administration expenses, which represented approximately 21.9% of the Group's revenue, decreased by approximately 55.0% from HK\$82.8 million for the six months ended 30 June 2011 to approximately HK\$37.2 million for the six months ended 30 June 2012. The decrease was mainly attributable to the fact that share-based payment expenses, additional professional fee on acquisition and related expenses were incurred in the same period of last year but there was no such extra costs incurred during the period under review.

### **Other gains and losses**

The Group recorded other losses of approximately HK\$88.4 million for the six months ended 30 June 2012 while the Group recorded other gains of approximately HK\$44.2 million for the six months ended 30 June 2011. The other losses for the period under review mainly as a result of loss on fair value change of derivative financial instruments and held-for-trading investments.

### **Finance costs**

Finance costs representing 22.0% (2011: 9.8%) of the Group's revenue, increased from HK\$19.4 million for the year ended 30 June 2011 to HK\$37.3 million for the year ended 30 June 2012. 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 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.

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\$52.4 million and recorded no income tax expense for the period ended 30 June 2012. Deferred tax credit is arisen from the change in temporary difference of derivative financial instruments and amortization of mining rights.

## **Operation results**

The Group's operation results recorded a loss of HK\$136.3 million for the six months ended 30 June 2012 (2011: loss of HK\$46.0 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations through internally generated cash flows and bank borrowings. At 30 June 2012, the Group did not have any bank facilities but had obligations under finance lease of approximately HK\$35.3 million. The obligations under finance lease were mainly in Australian Dollars ("AUD"). The gearing ratio of the Group, calculated as a ratio of bank borrowings to total assets, was 3.5% as at 30 June 2012 (31 December 2011: 3.6%). Gearing ratio remained consistent during the period.

As at 30 June 2012, the Group had net current liabilities of approximately HK\$14.7 million (31 December 2011: net current assets HK\$171.6 million). Current ratio as at 30 June 2012 was 0.93 (31 December 2011: 1.87). The net cash position of the Group as at 30 June 2012 was approximately HK\$92.3 million (31 December 2011: HK\$126.1 million).

The Group has bank balances, obligations under finance lease, 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 obligations under finance lease denominated in AUD and Renminbi ("RMB") as at the balance sheet date. 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**

As at 30 June 2012, our obligations under finance lease of HK\$35.3 million was secured by property, plant and equipment of an amount of approximately HK\$152 million (2011: nil).



## **CONTINGENT LIABILITIES**

As at 30 June 2012 saved for the litigation as set out in the paragraph titled “MAJOR LITIGATION AND ARBITRATION PROCEEDINGS”, the Group had no other material contingent liabilities.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the period (2011: Nil).

## **MATERIAL ACQUISITION AND DISPOSAL**

There was no material acquisition and disposal during the period under review.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2012, the Group employed approximately 31 employees (2011: 450). 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 stated-owned retirement benefit scheme in the PRC. The employees for Mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Ltd. (“BMTJV”) on behalf of YT Parksong Australia Holding Pty Ltd. (“YT Parksong Australia”) and Bluestone Mines Tasmania Pty Ltd. 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.

## **MAJOR LITIGATION AND ARBITRATION PROCEEDINGS HCA 1357/2011**

The proceedings involves disputes arisen from a Sale and Purchase Agreement in relation to the sale and purchase of the entire issued share capital of Parksong Mining dated 13 July 2010 (the “SPA”) and the completion of the acquisition took place on 4 March 2011.

On 12 August 2011, the Company received a writ of summons and a statement of claim (the “First Statement of Claim”) which were issued against the Company and Gallop Pioneer (“GPL”), a wholly-owned subsidiary of the Company by Mr. Chan Kong Fung (the “Plaintiff”). As alleged by the Plaintiff in the First Statement of Claim, Gallop Pioneer Limited (“GPL”) and the Company failed to make payment of AUD15,143,422.44, being the alleged amount of receivables payables to Plaintiff should be held liable to the alleged breach of the Agreement and claimed for the said sum of AUD15,143,422.44 from both GPL and the Company.

The Plaintiff and the Company and GPL had attend a mediation in relation to the disputes regarding the First Statement of Claim (the “Mediation”) on 16 August 2012. However, no settlement had been reached in the Mediation and no further mediation will be carried out. The parties will proceed with the legal proceedings and the next stage shall be the filing and exchange of witness statements.

## **HCA 2184/2011**

The Company issued to the Plaintiff a series of convertible bonds in the aggregate amount of HK\$773,500,000 (which due on 3 March 2016) on 4 March 2011 (the “Convertible Bonds”) as part of the consideration for the purchase of the shares in Parksong Mining mentioned under the heading of HCA 1357/2011 above.

On 10 November 2011, the Plaintiff purported to exercise its Convertible Bonds in aggregate principal amount of HK\$17,100,000. Because of the dispute mentioned hereinabove, and upon the legal advice from the then legal adviser, the Company has decided (1) not to issue share certificates to the Plaintiff when the Plaintiff tried to exercise his conversion right in relation to the Convertible Bond certificates nos. 59 and 60 sometime in November 2011; and (2) not to repay the outstanding bonds (i.e. Convertible Bond certificates nos. 59 and 60) in the sum of HK\$17,100,000 to Mr. Chan in early December 2011.

On 22 December 2011, the Plaintiff issued a Writ of Summons with claim endorsed against the Company under HCA 2184/2011 claiming for the sum of HK\$597,100,000 (which includes the said sum of HK\$17,100,000) being the alleged outstanding amount of the Convertible Bonds owed by the Company to the Plaintiff together with all outstanding interests accrued thereon.

The hearing of an application for summary judgement made by the Plaintiff on 23 February 2012 has been fixed to be heard on 24 September 2012.

## **PROSPECTS**

Looking into the second half of 2012, the directors expect that the conditions of tin mining industry remain very challenging. Under the ever-changing market environment, we overcome all difficulties with concerted efforts through strengthening our internal management process and promoting efficient cost control and capital utilization so as to enhance economic benefit. Looking ahead, we will continue our active development strategies, exploring new technologies to develop the Rentals, which is still a huge potential to the Group, as a new profit growth spot. Therefore, the Group will generate the greatest return for shareholders.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### **REVIEW OF INTERIM RESULTS**

The audit committee of the Company (the “Audit Committee”) has reviewed the Group’s interim results for the six months ended 30 June 2012. The Audit Committee comprises all of the three independent non-executive Directors, namely Mr. Poon Fuk Chuen (Chairman), Mr. Liu Feng and Mr. Zhong Wei Guang.

## **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 (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2012.

### **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, 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 six months ended 30 June 2012.

## **PUBLICATION OF INTERIM REPORT**

This interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.goodtopin.com>). The interim report of the Company for the six months ended 30 June 2012 will be dispatched to shareholders of the Company and will be available at the websites of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By Order of the Board  
**Goodtop Tin International Holdings Limited**  
**Xie Hai Yu**  
*Chairman*

Hong Kong, 31 August 2012

*As at the date of this announcement, the Board comprises Mr. XIE Hai Yu (Chairman) Mr. CHENG Hau Yan (Deputy Chairman), Mr. CHEUNG Wai Kuen, Mr. PU Xiaodong and Mr. NIE Dong as executive Directors, and Mr. POON Fuk Chuen, Mr. LIU Feng and Mr. ZHONG Wei Guang as independent non-executive Directors and Prof. QIU Guanzhou as non-executive Director.*